



Gold Jewelry Sector of Bangladesh **Establishing the Formal Supply Chain**

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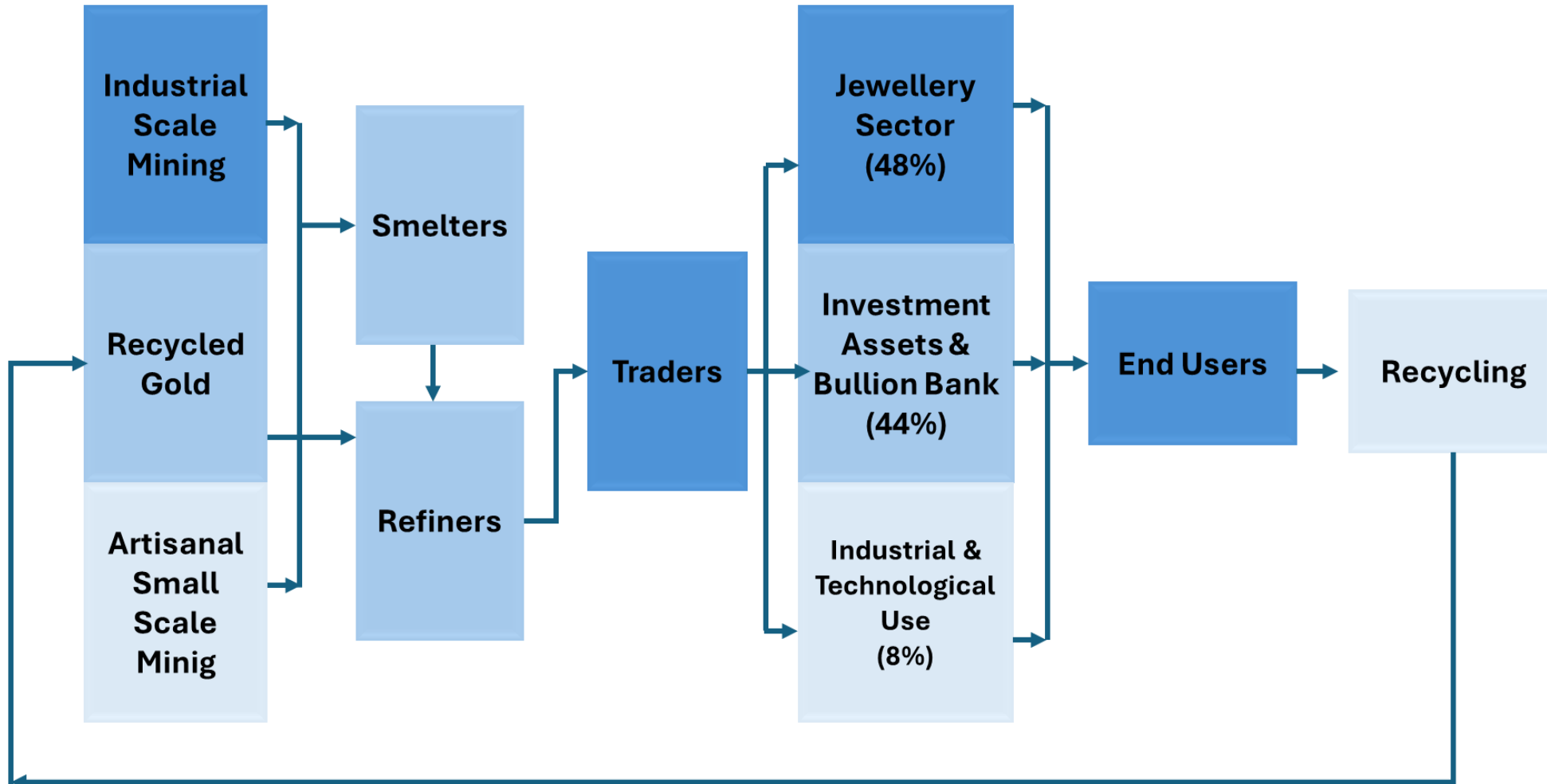
Discussion points

- 1. Global Supply Chain of Gold & Jewelry**
- 2. Bangladesh's Gold Jewelry Supply Chain**
 - I. Trends in the Price of Gold/Jewelry
 - II. Import Trend of Gold/Jewelry
 - III. Export Trend of Gold/Jewelry
- 3. Domestic Market for Gold Jewelry**
- 4. Existing Challenges**
- 5. Case: India's Gold Jewelry Market**



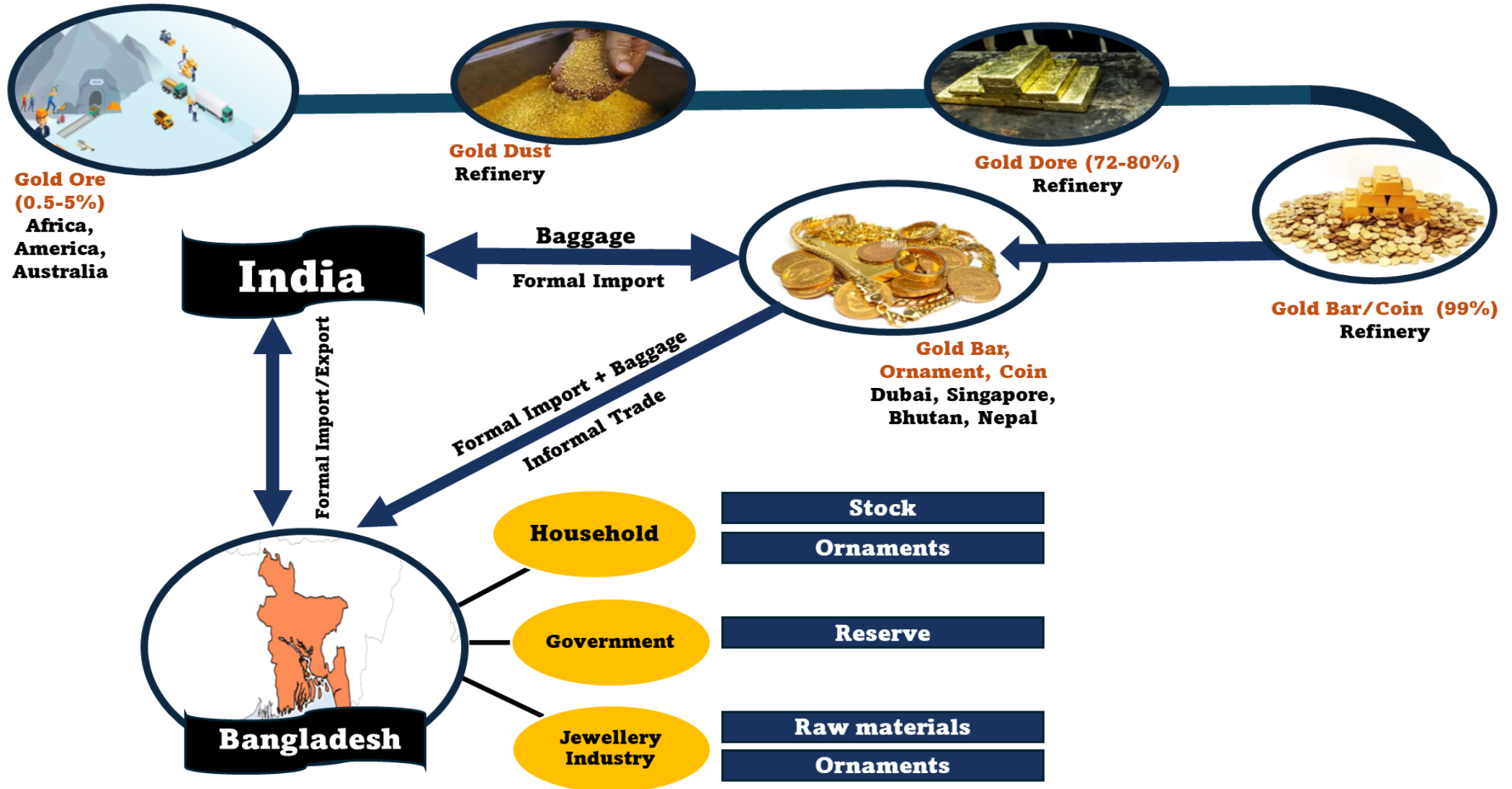
1. Global Supply Chain of Gold Jewelry

1. Global Supply Chain of Gold Jewelry



2. Bangladeshi Supply Chain of Gold

2. Bangladesh Gold Jewelry Supply Chain



2.1 Import Trend of Gold

In US Dollar

HS Code : 711319 - Jewelry And Parts Thereof, Of Precious Metal Other Than Silver			
Yearly Import Value	Total Import of Bangladesh	Total Import Worldwide	Bangladesh's Share of Total Import
2003	9672000	19480784000	0.0
2010	72063000	43662093000	0.2
2012	85595000	62956861000	0.1
2019	257095000	87631945000	0.3
2020	87306000	55990664000	0.2
2021	99944000	84250251000	0.1
2022	208509000	91697313000	0.2

2.1 Import Trend of Gold

In US Dollar

Countries	2003	2010	2012	2019	2020	2021	2022
Total	9672000	72063000	85595000	257095000	87306000	99944000	208509000
Singapore	9636000	72014000	79918000	222648000	73105000	82562000	203634000
United Arab Emirates	0	0	0	33757000	14035000	17304000	3627000
India	36000	46000	5646000	1000	1000	10000	1058000
Thailand	0	2000	18000	105000	8000	3000	182000
Malaysia	0	1000	0	490000	10000	56000	5000
United States of America	0	0	12000	0	0	0	3000
Germany	0	0	0	0	0	0	0
Hong Kong, China	0	0	0	0	0	0	0
United Kingdom	0	0	0	90000	141000	0	0
Oman	0	0	0	0	0	0	0

2.2 Export Trend of Gold

In US Dollar

Year	Unit : US Dollar thousand	Total Export Worldwide (US Dollar)	Bangladesh's Share of Total Export
2003	123000	21469816000	0.0006
2010	30000	52642643000	0.0001
2012	518000	104621548000	0.0005
2020	44000	64692044000	0.0001
2022	784000	113186541000	0.0007

2.2 Export Trend of Gold

In US Dollar

Importers	2003	2010	2012	2020	2021	2022
Total	123	30	518	44	165	784
Korea, Republic of	0	0	0	0	0	242
United States of America	0	0	0	0	67	124
United Arab Emirates			0	0	8	120
Germany	29	2	0	1	8	40
Saudi Arabia	0	0	0	0	5	37
United Kingdom	49	0	0	2	7	33
Australia	0	0	0	0	3	31
China	0	0	0	0	5	21
Greece	0	0	0	0	0	20
Switzerland	0	0	0	0	0	18
Canada	0	0	0	7	13	13
Singapore	45	0	1	1	3	12
Japan	0	0	0	0	0	11
Taipei, Chinese	0	0	0	0	0	11
France	0	0	0	0	0	9
Macao, China	0	0	0	0	10	9
Spain	0	0	0	2	0	5
Nepal	0	0	0	0	0	3
Cyprus	0	0	0	0	1	3
Jordan	0	0	0	0	0	3
Luxembourg	0	0	0	5	6	3
New Zealand	0	0	0	6	9	3
Slovakia	0	0	0	0	0	3

2.3 Import & Export of Gold in Bangladesh

Baggage Rule for Import:

- Each passenger is entitled to the duty-free import of gold ornaments not exceeding 100 grams or silver ornaments not exceeding 200 grams (one type of ornament not more than 12 pieces). (Source: NBR)

Export/import Scenario:

- Compared with the current global trade statistics, Bangladesh ranks 42nd in terms of gold import
- In 2019, the Bangladesh Bank gave dealer licenses to 18 institutions including a bank to legally import gold. Currently, 19 institutions have dealer licenses to import gold, but their import volume is very negligible.
- According to NBR data, only seven dealers have imported gold bars weighing 139 kg 640 grams since 2020, spending about \$8.2 million
- In 2022, some 24 kilograms of gold were imported, down from 93kg a year ago. However, 12 dealers despite having the licence did not import any gold.
- The dealers have to pay Tk5,000 as a duty against one bhoris of gold, while passengers can bring gold by paying a duty of Tk2,000 against a bhoris of gold bar
- NBR officials revealed that in 2022, Bangladeshi inbound air passengers brought in 54 tonnes of gold worth approximately Tk45,000 crore, with gold bars accounting for approximately Tk35,000 crore and the rest in ornaments
 - According to the figures of the two airports (Dhaka and Chattogram), the amount of gold brought by the air passengers was 5.5 tonnes in 2020, 35 tonnes in 2021 and 54 tonnes(4.6 million bhoris) in 2022

2.3 Import & Export of Gold in Bangladesh

Indicators		FY2019-20
Imitation Jewelry, Coins	Import Cost	70.02 Crore
	Import Duty	16.67 Crore
	Vat	13.58 Crore
	Supplementary Duty	14.94 Crore
	Total Revenue	45.19 Crore

Year	Import Value of Goods (Through Personal Baggage)	Duty & Trarrif (শুল্ক করাদি)	Fine/ Penalty
FY2018-19	1176.33 Crore	189.44 Crore	59.68 Crore
FY2019-20	187.98 Crore	92.14 Crore	17.07 Crore

	Breakdown of Taxes					Total Tax Incidents	
71131900 - Articles Of Jewellery And Parts Thereof Of Precious Metal (Excl. Silver)	25	0	15	5	3	5	58.60%

2.3 Import & Export of Gold in Bangladesh

FY2019-20	Seized Amount	Confiscated Amount	Reserved Amount in BB
Gold	605,729 gram	16128.20 gram	116657 gram

Fy2019-20	Seized Amount	Price
Gold	523KG	2197200000
Total Product		2936521680
Share of Gold		74.8 %

- According to BAJUS Gold smuggling siphons off Tk 730b annually.
 - It is estimated that illegal gold ornaments and bars are being smuggled into Bangladesh by waterways, land and air routes, siphoning off hard-earned foreign currencies equivalent to at least Tk 2.0 billion every day. (2022)

3. Local Market of Gold Jewelry in Bangladesh

3.1 Local Market and Market Players

- **Market policy**

- Earlier there was no policy for the gold business in Bangladesh. In 2018, the government formulated the Gold Policy keeping in mind the importance of gold business potential, which was revised in 2021 as "Gold Policy -2018 (Amended, 2021)"
 - The registered legitimate gold dealers can take an export certificate of gold ornaments
 - As a result, the legal and commercial gateway for importing gold, the primary raw material for producing jewellery for this country's ordinary jewellers, has been addressed
 - Till now there are 20 institutions in the country that are direct dealers of Bangladesh Bank
 - It approved the procedures for setting up and operating gold refineries in the country

- **Market share**

- According to the Gold Policy (amended 2021), the annual demand for gold in the country is between 20-40 metric tons
- Currently, around 20,000 kg is being traded daily. With that being said, yearly demand stands at around 70-89 tonnes
- Only 30% of the demand is collected through old gold and formal import by companies
- In other words, it has been indicated in this policy that a large part of the total gold demand in the country is provided through illegal means or smuggling. (Source – BAJUS)

3.1 Local Market and Market Players

- **Number of firms**

- According to Bangladesh Jeweller's Association (BAJUS), there are 40,000 firms in the country
 - Around 26,000 are general member of BAJUS

- **Total employment**

- As per BAJUS, 50 lakhs people are employed in this industry. It would mean each firm employ on average 125 workers/artisans which seems exaggerated

- **Different types of products**

- Antique Jewellery, Bead Jewellery, Bridal Jewellery, Gold Jewellery, Handmade jewellery, Silver Jewellery, Platinum Jewellery, Gemstone Jewellery, Tribal Jewellery, etc.

Sources of raw materials

- Bangladesh imports most of its gold bar from India, Ukraine and United Arab Emirates. (Source – Volza)
- Bangladesh imports silver primarily from: United Arab Emirates, Italy, Japan, India, and Austria. (Source - Observatory of Economic Complexity)

Tools and accessories used

- Main production process includes molding, stripping, engraving, mina, setting, ball making and final finishing with outdated hand tools by experienced craftsmen

Sources of design:

- Design book, artisan's own imagination, buyers' design, copying, smuggled dies from other countries

3.1 Local Market and Market Players

Types customer

- Regular user
- Wedding parties
- Foreigners
- Bangladeshis Residing in abroad
- Investors in ornaments

Types of Jewelries

- Gold Earring
- Gold Necklace
- Gold Locket
- Gold Bangle
- Gold Ring
- Gold Pendant Set
- Gold Bracelet
- Gold Gents Ring
- Gold Chain
- Gold Jhumka
- Baby Gold Items
- Nose Pins

Top accessories Brands in Bangladesh

- Dhaka Jewelers
- Diamond World
- Bipasha Jewelers
- Amin Jewelers Ltd
- Anjali Gold
- Apan Jewelers
- Sultana Jewelers Ltd
- Malabar Gold and Diamond
- Gitanjali Jewelers
- PLC Jewelers
- Aarong Jewelers Gold & Diamond

Pricing Elements	Percentage
Price of gold	80
Quality of gold	3
Stones used	9
Loss/wastage	1
Labor cost	8

3.2 Trend in the Price of Gold : Bangladesh vs. World

Country (Q3'23)	BDT per gram
USA	7460
European Union	7388
United Kingdom	7441
Switzerland	6881
Japan	6631
India	6766
Chine	6926
Turkey	5950
Bangladesh	
18K per gram	7100
21 K per gram	8285
22K per gram	8680

Source: World Gold Council

3.2 Trend in the Price of Gold : Bangladesh vs. World

Indian Price (Rupee)	Indian Price (BDT)	Bangladeshi Price (BDT)
22 KT:₹ 6114	8070.48 BDT/GRAM	22 KARAT Gold: 9490 BDT/GRAM
20 KT:₹ 5575	7359 BDT/GRAM	21 KARAT Gold: 9060 BDT/GRAM
18 KT:₹ 5074	6697.68 BDT/GRAM	18 KARAT Gold: 7765 BDT/GRAM
14 KT:₹ 4041	5334.12 BDT/GRAM	TRADITIONAL Gold: 6470 BDT/GRAM
Fine Gold (999):₹ 6265	8269.8 BDT/GRAM	
<p>*The above rates are without 3% GST and Making Charges *Price taken on 07-02-24 *Rupee= 1.32 Bangladeshi Taka</p>		

Source: India Bullion and Jewelers Association & BAJUS Website

3.2 Trend in the Price of Gold :www.kitco.com

LIVE CHARTS / GOLD

Live Gold Price

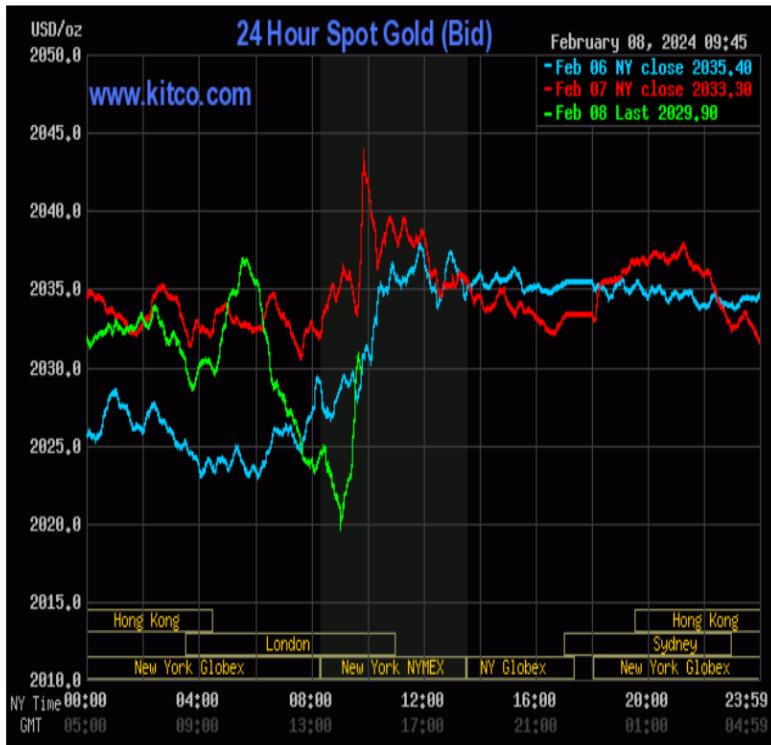
Feb 08, 2024 - 20:46 NY Time

USD

Bid **2,029.80**
-3.50 (-0.17%)

Ask 2,030.80

Ounce	2,029.80	-3.50
Gram	65.26	-\$0.11
Kilo	65,260.59	-\$112.53
Pennyweight	101.49	-\$0.17
Tola	761.18	-\$1.31
Tael (HK)	2,466.77	-\$4.25



LIVE CHARTS / GOLD

Live Gold Price

Feb 08, 2024 - 20:46 NY Time

INR

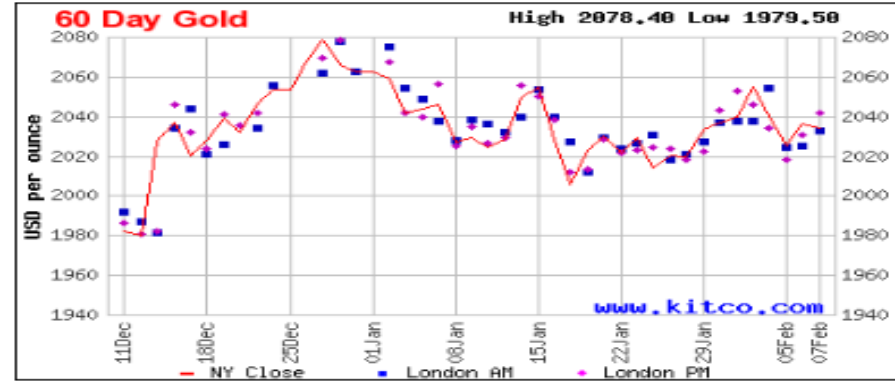
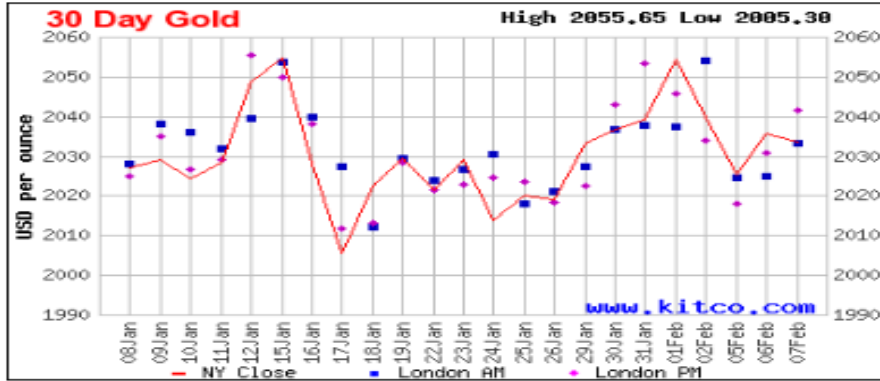
Bid **168,453.48**
-315.50 (-0.19%)

Ask 168,536.47

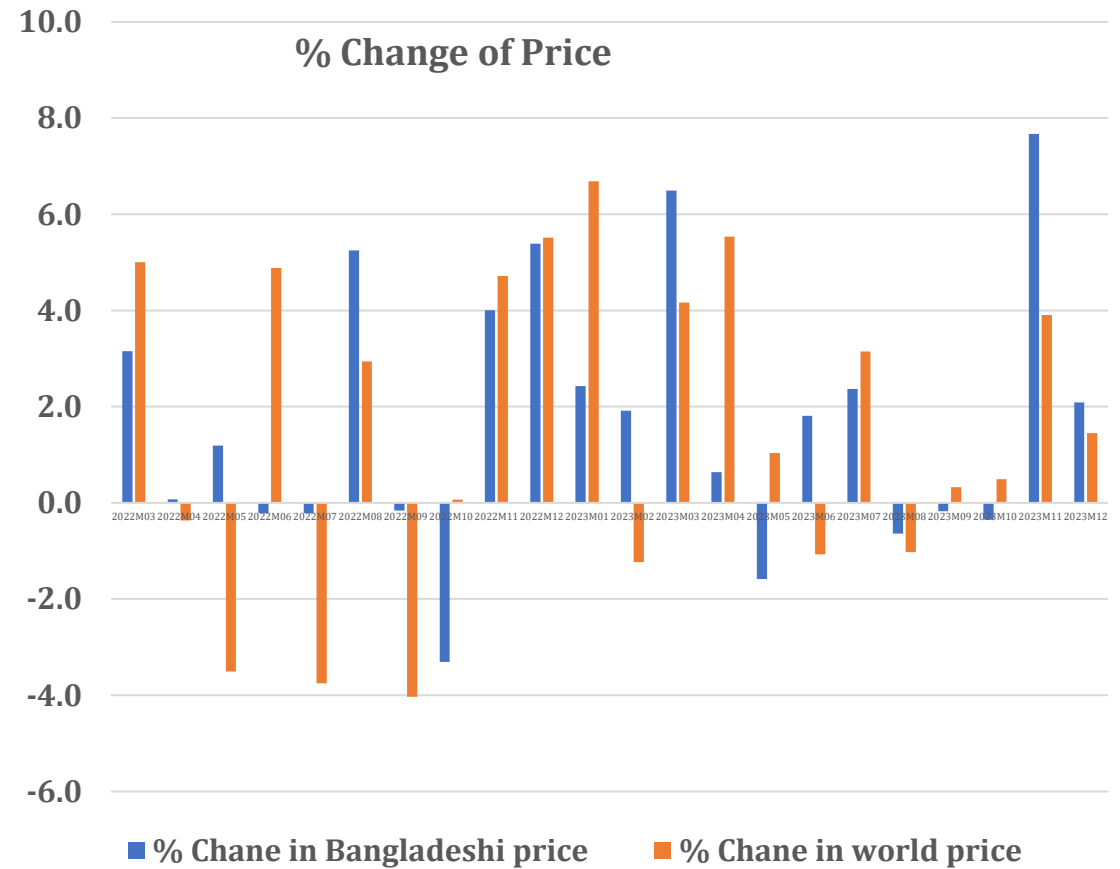
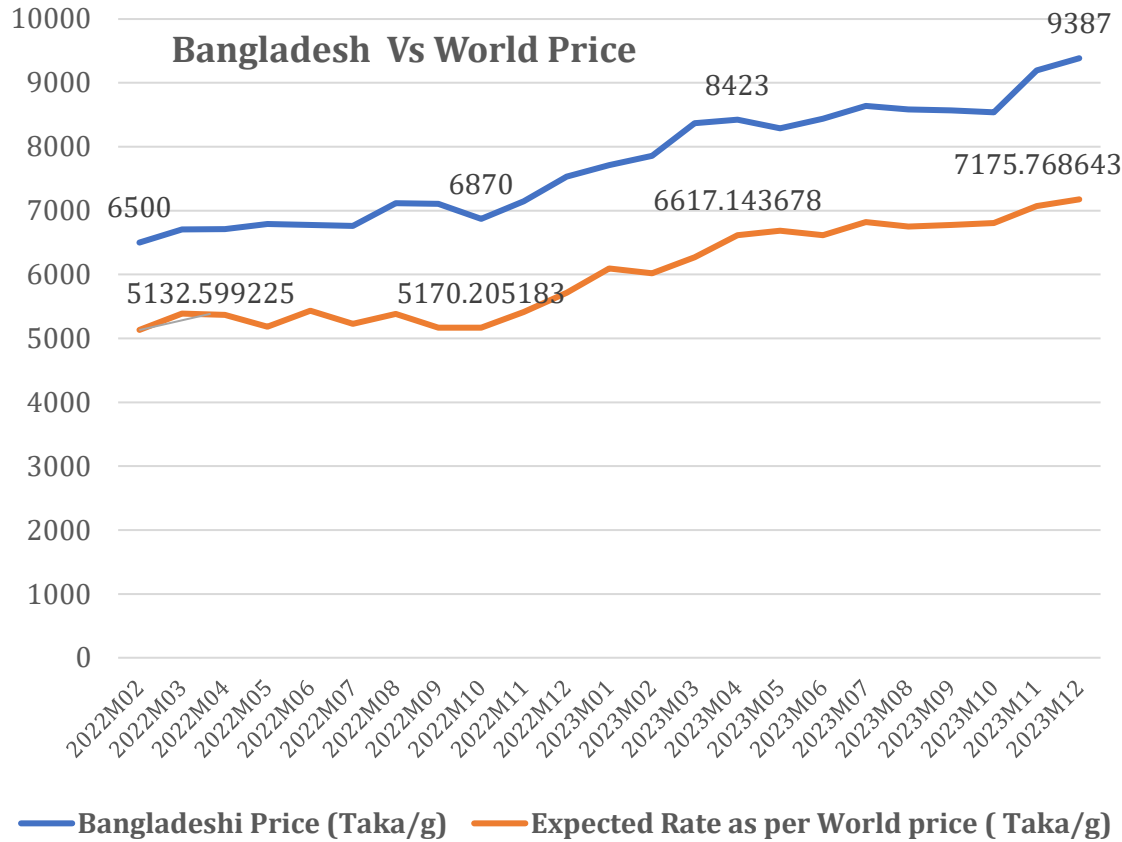
Ounce	168,453.48	-315.50
Gram	5,415.90	-\$10.14
Kilo	5,415,988.17	-\$10,143.55
Pennyweight	8,422.67	-\$15.77
Tola	63,170.09	-\$118.31
Tael (HK)	204,717.81	-\$383.42



3.2 Trend in the Price of Gold :www.kitco.com



3.2 Trend in the Price of Gold : Bangladesh vs. World



- For Graph 1, the correlation value between global and Bajus prices is 0.976, meaning there is a strong positive correlation exists between global and BAJUS price
- However, the correlation value between the % change of price is 0.521; meaning the relations are moderate

4. Existing Challenges

4. Existing Challenges

- **Lack of transparency in the gold market**

- This challenge refers to the opacity or lack of clarity regarding various aspects of the gold market, such as pricing mechanisms, quality standards, sources of gold, and trading practices.
- The gold market lack transparency due to informal or unregulated trading practices, which can lead to discrepancies in pricing and quality for consumers.

- **Absence of an Organised Gold Market**

- An organized gold market typically involves the establishment of regulated exchanges or platforms where gold can be traded in a transparent and standardized manner.
- The absence of such a market results in a fragmented and unstructured trading environment, with transactions often occurring through informal channels

- **Ensuring Fair Prices at Consumer Level**

- Fluctuations in international gold prices, coupled with factors such as taxes, import duties, and overhead costs, can influence the final price paid by consumers
- Without mechanisms in place to regulate pricing practices and protect consumers from exploitation, there is a risk of price gouging or unfair pricing practices in the market

- **Sufficient Warehouse Chain Facility**

- The lack of sufficient warehouse infrastructure poses a challenges for gold traders and investors in terms of secure storage and efficient logistics

4. Case Study: India

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Policy: The Government of India (GoI) has implemented various measures to stimulate investment and foster growth within the sector. These measures encompass -

- According to the the first schedule to the customs tariff act,1975 as effective from 1 May 2023, the custom duty per KG is 2.5% for Gold ores and concentrates, 10% for colloidal precious metals, coins and 25% for gold Jewellery
- Under a Comprehensive Economic Partnership Agreement (CEPA), which was introduced in May 2022, 90% of Indian goods will be allowed duty-free access to the UAE
- A revamped gold monetization plan, reduced import tariffs on gold, lowered import duties on cut and polished diamonds from 7% to 5%, and the implementation of hallmarking
- Approximately 90% of the required assistance for establishing common production/processing centers, design centers, and testing facilities is provided by the Indian government through various initiatives
- Additionally, associations are receiving financial backing from the Government of India, covering up to 80% of project costs for their marketing hubs and exhibition centers
- The government has extended the emergency credit line guarantee scheme (ECLGS) for MSMEs until March 2023, with the gems and jewelry sector consisting of over 90% MSMEs
- India's Free Trade Agreement with the UAE is anticipated to bolster exports, aiming to achieve a target of US\$ 52 billion.
- The Department of Commerce has set an export target of US\$ 45.7 billion for the gems and jewelry sector in the 2022-23 fiscal year and is committed to facilitating exporters by fostering a favorable trade environment through trade-friendly policies
- In November 2018, the government introduced the 'Gold Policy' to address regulatory concerns while promoting an environment conducive to business operations

5. Conclusion

5. Conclusion

- A formal gold jewelry supply chain needs to be established.
 - All types of domestic trading to be reported through a digital trading system
 - All types of import and export of gold jewelry to be reported
- An official statistics of gold and jewelry (stock and flow) need to be established
 - These include stock at household, government and commercial levels, import of gold/jewelry, export of jewelry, other stocks and flow of gold and jewelry
 - BBS and ministry of commerce and BAJUS should work together
- The baggage rule should be abolished for gold jewelry
 - Persons coming from aboard could use not more than 20 gm of gold jewelry
 - No jeweler is allowed to purchase new
- All types of import of jewelry in the country should be taken place through registered BAJUS members
 - An official process/channel of import needs to be established through BAJUAS and ministry of commerce
- Import duty on gold jewelry (commercial import) needs to be substantially reduced
 - AIT, RD and AT to be withdrawn
- Import duty on gold (commercial import) should be reduced
 - Operation of refinery should be started soon
- Price setting mechanism of different types of gold should be open and transparent
 - BAJUS should disclose every time how it calculates gold price for the retail level



Thank you!