



Sheikh Fazle Noor Taposh, mayor of Dhaka South City Corporation; Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Md Anwar Shawkat Afser, president of the Dutch-Bangla Chamber of Commerce and Industry (DBCCI), pose during a session of the "International seminar and conference on investment on inclusive business", at Le Méridien Dhaka recently. The DBCCI and SNV Netherlands Development Organisation in Bangladesh jointly organised the two-day event.

# China's industrial profits grow for fourth straight month

REUTERS, Shanghai

Profits at China's industrial firms grew for the fourth straight month in August, buoyed in part by a rebound in commodities prices and equipment manufacturing, the statistics bureau said on Sunday.

China's recovery has been gaining momentum as pent-up demand, government stimulus and surprisingly resilient exports propel a rebound.

Industrial firm profits grew 19.1 per cent year-on-year in August to 612.81 billion yuan (\$89.8 billion), the statistics bureau said. That compares with a 19.6 per cent increase in July and is the fourth straight month of profit growth.

However, industrial firms' profits still face external pressures as rising tensions between Washington and Beijing cloud the global trade outlook.

Raw material manufacturing profits increased by 32.5 per cent in August, up from 14.7 per cent in July, according to Zhu Hong, an official at the statistics bureau. This was driven in part by a rebound in the prices of international commodities such as crude oil and iron ore, he added.

Meanwhile, profits of the general equipment manufacturing sector notched up 37 per cent in August on-year, with electrical machinery up by 13.3 per cent over the same period.

Economic indicators in August, ranging from exports to producer prices and factory

output, all pointed to a further pickup in the industrial sector.

However, factory activity grew at a slower pace with smaller firms facing sluggish market demand and financial strains.

The country has introduced a slew of measures to kick-start the economy, from tax and fee reductions to grace periods for the calling in of debt.

China's economy may stagnate if it fails to rise up the value chain, as it faces increasing competition from countries with advanced technologies and lower labour costs, economists warned.

Authorities have pledged to boost investment in strategic industries including core tech sectors such as 5G, artificial intelligence and semiconductors, and accelerate new material development to ensure stable supply chains.

For January-August, industrial firms' profits fell 4.4 per cent from a year earlier to 3.72 trillion yuan, better than the 8.1 per cent decrease in the first seven months.

Liabilities at industrial firms rose 6.6 per cent on-year at end-August, edging higher than the 6.5 per cent at end-July.

Earnings at state-owned industrial firms were down 17 per cent on an annual basis for the first eight months of the year, versus a 23.5 per cent decline in the first seven months.

Private-sector profits fell 3.3 per cent in January-August, narrowing from January-July's 5.3 per cent fall.

# Harley close to deal with India's Hero after stopping local manufacturing

REUTERS, New Delhi

Harley-Davidson Inc is in advanced talks with India's Hero MotoCorp for a distribution deal which will allow the US company's motorcycles to be sold in India, after it stops local manufacturing there, three sources told Reuters.

The Milwaukee-based company said on Thursday it will stop sales and shut its manufacturing plant in India, effectively abandoning the world's biggest motorcycle market after a decade of unsuccessful efforts to gain a foothold.

Harley, however, is in talks with Hero over a distribution arrangement that will allow the Indian company to import and sell Harley bikes as its sole distributor, two sources with familiar with the talks said.

"Hero will be the master distributor for Harley bikes in India ... This will be a partnership, a strategic alliance," said one of the sources, all of whom declined to be named as the discussions were private.

Discussions are also ongoing to let Hero become a contract manufacturer for at least one Harley motorcycle with 300-600 cc engine



The logo of US motorcycle company Harley-Davidson is seen on one of their models at a shop in Paris.

capacity, which it will launch later, the first source added.

The financial details of the deal were not immediately clear.

Asked about talks with Hero, a Harley spokeswoman said the company would not comment on speculation.

On Thursday, it said it was changing its business model in India evaluating options to

continue to serve customers.

Hero MotoCorp, India's largest two-wheeler manufacturer by sales, also declined to comment on market speculation. It produced 6.4 million two-wheeler scooters and motorcycles in the fiscal year ending March 2020, a third of India's total output.

Harley manufactured 4,500

motorcycles during that period, largely assembled from imported knock-down kits at its plant near New Delhi, which it will shut as part of its restructuring.

Harley's decision to stop direct manufacturing marks another major exit by an automotive player in India and is a setback for Prime Minister Narendra Modi, who has invited foreign firms to ramp up local production. Ford Motor and General Motors have both cut back their India operations in recent years.

Harley, known for its heavy touring motorcycles, struggled in India mainly because of high import duties - which US President Donald Trump often criticized India for - and also because its locally assembled bikes faced high taxes.

Hero typically sells motorcycles with engine capacity of under 200 cc and a deal with Harley will boost its entry into the mid- and high-engine market favoured by biking enthusiasts and fashion conscious younger riders, the second source said.

Harley's 33 dealerships will likely come under Hero's management under the new arrangement, said one of the sources.



A worker welds a bicycle steel rim at a factory manufacturing sports equipment in Hangzhou, Zhejiang province, China.



M Reazul Karim, managing director of Premier Bank, opens a relocated branch on Satmasjid Road in Dhaka yesterday.

# Only 1 in 1,960 small firms got soft loans from govt's revamp funds

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Poor owners are less likely to operate their business at full capacity, the survey found.

In July, 21.96 per cent owners were unable to clear workshop rent in the past one month and 15.87 per cent during the lockdown period because of a drop in sales, way higher than 1.82 per cent before the Covid-19.

Some 13.37 per cent enterprises in July and 7.6 per cent during the lockdown could not pay utility bills. It was 1.12 per cent before the lockdown was enforced.

Some 98.01 per cent of workers worked for fewer hours or got paid for fewer hours during the lockdown. It was 81.32 per cent in July.

A fourth of the workers were laid off during the lockdown and 11.29 per cent in July, according to the survey.

The study found female workers are at a greater risk because of the limited access to formal financial support and no access to the government's support package.

"Female workers are losing jobs and are less likely to return to work after the lockdown," it said.

Three-fourth of the enterprise owners are highly worried about the future of their business and 46.33 per cent do not know how long it would take before they can resume full operation.

Forty-seven per cent of the enterprises have access to loan or grants to support business recovery while one-fourth enterprises have no access to loan and no plan for business recovery.

"Enterprises are struggling to make a profit after the lockdown," it said.

While moderating the discussion, Imran Matin, executive director of the BIGD, said the recovery of the enterprises from the fallouts of the Covid-19 is still fragile and lower-end enterprises are still struggling a lot.

"The composition of the recovery is unequal," he said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a good number of enterprises are not interested to take loans from the stimulus package because they think that they would face a lot of trouble if they cannot repay.

The CMSME sector represents 13 million business entities in Bangladesh, contributing 25 per cent to the GDP, 35.5 per cent to total employment and 80 per cent to export earnings, according to the Dhaka Chamber of Commerce and Industry.

# BSEC vows to rein in rumours

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Moreover, firms that fail to improve their performance within the stipulated timeframe will face special audits while observers will be appointed to restore good governance in those companies.

If a company remains in the Z category for four years though, then the commission may take more stringent measures, which includes delisting the company.

"But stock investors misjudged the regulator's initiative and so, junk stocks sold like hot cakes at the country's bourses a few days back," said a senior stock broker.

Many general investors thought that the junk stocks would become profitable sooner rather than later due to the steps taken by the BSEC.

"Their thinking was fuelled by rumours," he added.

According to various market analysts, it would be wise to refrain from making major investments in non-performing companies as such junk stocks tend to be overpriced.

Still, people seem to have a hankering for these non-performing investments due to the rumours, they said, adding that this was why the stock market regulator was taking a proactive approach to stem the flow of misinformation.

On September 2, the BSEC issued a notice saying that no one should advise others on how to buy or sell listed stocks based on their own opinions.

"If anyone does do it though, then we will take action," the notice said.

# Tax collection rebounds in August

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"The early trends of revenue collection show that the economic recovery has remained fragmented. It is also clear that the fiscal framework, be it revenue collection, be it public expenditure, will need a major overhaul," he said.

Khan said if there was no overnight revitalisation of administrative capacity, the pace of economic recovery would determine the revenue outcome.

"The other critical component may be addressing tax avoidance. Nevertheless, the government should be ready to adjust its public expenditure by prioritising and avoiding wastages in view of scarcity in government revenue," he said.

# ECB's Visco says euro's strength is a worry

REUTERS, Frankfurt

A recent strengthening in the euro's exchange rate is a worry and will warrant a reaction from the European Central Bank if it drags inflation farther away from its goal, ECB policymaker Ignazio Visco said on Sunday.

Visco also denied ECB policymakers were divided on the matter and said his views echoed those of the Executive Board. "The euro's recent strengthening is worrying us because it generates further downward pressures on prices at a time when inflation is already low," Visco, Italy's central bank governor, told an event in Trento.

# Entrepreneurship support fund awaits a boost

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If 51 per cent of the target is not reached in land and necessary infrastructure for the machinery-intensive projects, it has to be met through the investment attained through the margin of letters of credit on the imports of equipment.

Although the latest guideline called for submitting EOI online, the central bank would accept hard copies of the applications until further notice, the circular said.

Under the new guideline, entrepreneurs and their representatives related to proposed projects would not have to be present during the meeting of the project evaluation committee.

The ESF aims to create new entrepreneurs in the areas of food processing, agriculture and ICT.

The fund was formed in 2000-01 under the name of the Equity & Entrepreneurship Fund (EEF) through a budgetary allocation of Tk 100 crore.

As the fund did not achieve its goals, the central bank in 2018 moved away from the equity model, introduced a loan that carries a simple interest rate, and changed its name from the EEF to the ESF.

# Stimulus packages fuelling private credit growth

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"This has slowed down the recovery of the SME sector."

The credit growth will pick up slightly in the months to come, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The majority of the stimulus packages will have to be implemented by October and the credit growth will go up simultaneously in this

period, he said, adding that the credit growth may face challenge from November.

"The economy has recently picked up but more time is needed to regain the full tempo," said Zahid Hussain, a former lead economist at the World Bank Bangladesh.

Businesses are now reluctant to set up new industries because of the ongoing slowdown in the economic

recovery and the pandemic, he said.

Purchasing power and demand for products will have to be increased to get rid of the meltdown, Hussain said.

He, however, said credit growth may go up in the coming months due to the fund disbursed from the stimulus packages.

"But the country's recovery will take place in keeping with the global trend," he said.



Khalilur Rahman, chairman of Pragati Life Insurance, presides over the company's 20th annual general meeting yesterday through a digital platform. The insurer approved 20 per cent cash dividend for 2019. Md Jalalul Azim, CEO, was present.