

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES							
As on Sunday		As of Friday		Friday Closings				As on Sunday							
DSEX	0.44%	CSCX	0.57%	Gold	\$1,904.53	Oil	\$40.86	MUMBAI	1.33%	TOKYO	0.09%	SINGAPORE	0.55%	SHANGHAI	0.82%
4,892.01	8,358.42							40,145.50	23,494.34	2,523.31	3,251.12	BUY TK	83.95	EUR	98.52
												SELL TK	84.95	GBP	108.56
														CNY	12.40

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Defaulted loans at NBFIs soar amid irregularities

Non-performing loans in the 33 non-banks stood at Tk 8,905.62 crore in June; the amount is 13.29 per cent of their outstanding loans

AKM ZAMIR UDDIN

Defaulted loans at non-bank financial institutions (NBFI) escalated 26.51 per cent in the first half of 2020 because of a lack of corporate governance in absence of the central bank's proper supervision.

Non-performing loans (NPLs) in the 33 NBFIs in Bangladesh stood at Tk 8,905.62 crore in June, which are 13.29 per cent of the outstanding loans, according to data from the central bank.

It was Tk 6,399 crore, or 9.53 per cent of the total loans as of December last year.

Scammers siphoned off a large volume of funds from some of the NBFIs in the form of loans using fake documents, creating piles of defaulted loans in the sector, experts said.

Although the central bank earlier asked the NBFIs to keep classification unchanged until December, though upward classification changes are allowed, NPLs in the sector shot up alarmingly as some of them had concealed the delinquent loans through window dressing.

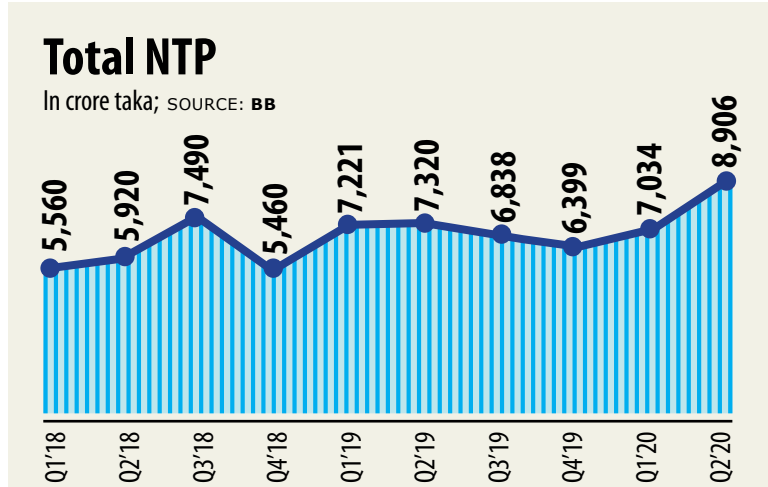
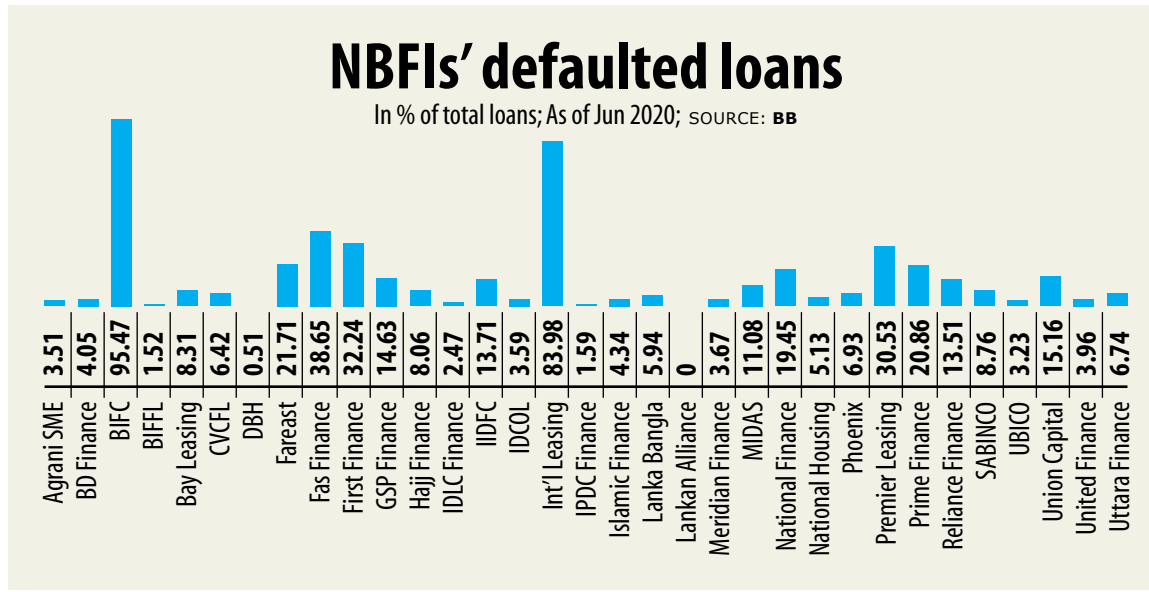
Window dressing is a technique used by companies and financial managers to manipulate financial statements and reports to show more favourable results.

Although window dressing is illegal or fraudulent, it is usually done to mislead investors.

Defaulted loans at the International Leasing and Financial Services (ILFS) stood at Tk 3,356.83 crore in June, up 256.47 per cent from that six months earlier.

Proshanta Kumar Halder, former managing director of NRB Global Bank and Reliance Finance, allegedly embezzled around Tk 3,500 crore from four of the NBFIs, creating a haphazard situation for the entire NBF sector.

The NBFIs are the ILFS, People's Leasing and Financial Services (PLFS), FAS Finance and Investment, and Bangladesh Industrial Finance



Company (BIFC), according to a probe of the central bank.

The central bank found that Tk 1,596 crore was transferred from the ILFS in violation of rules through 48 accounts of various organisations related to the directors and shareholders.

The central bank is now in a process to liquidate the PLFS after it failed to repay the depositors' money.

The amount of NPLs would have

been much larger had Tk 600 crore to Tk 700 crore of default loans of the fallen PLFS were added to the list, said a central bank official.

Defaulted loans in the BIFC stood at Tk 783.97 crore, or 95.47 per cent of its total disbursed loans as of June.

"The NBFI sector has been facing an image crisis due to a wide-range of corruption in five to seven financial organisations," said Khondker Ibrahim Khaled, a former deputy governor of the central bank.

"PK Halder is largely responsible for the ongoing crisis. And the central bank can't avoid its responsibility as it had kept silent when the money was being looted from the NBFIs," he said.

Measures should be taken to bring Halder back to Bangladesh to recover the embezzled fund, Khaled said. Halder is said to have fled to Canada.

Also, both the government and the central bank should take strict measures to ensure punitive actions against the scammers, Khaled said.

Seven of the NBFIs have even failed to manage the required provisioning against their regular and classified loans, a sign of their fragile financial health.

The central bank has recently carried out special audits into some of the NBFIs through which a large amount of defaulted loans has been unearthed, said Mominul Islam, chairman of the Bangladesh Leasing & Finance Companies Association, a forum of top executives of the NBFIs.

Probe bodies of the central bank marked the loans, embezzled by Halder, as defaulted assets, during the inspection. This fueled the NPLs in the NBFI sector in the first half, he said.

The central bank should restructure the weak NBFIs in the interest of the country's financial sector, said Islam, also the managing director of IPDC Finance.

"The fragile NBFIs can be merged as they can't run their operation smoothly," he said.

If required, both the government and the central bank may think of injecting capital and liquidity into them so that they can commence operation in a new form, Islam said.

The government can also order its intelligence agencies to recover the embezzled funds, he added.

"At least 50-60 per cent assets of the misappropriated fund may be recovered within two to three years if measures are taken right now," Islam said.

Govt may involve China in elevated expressway project

Cost of construction will go up, according to Bangladesh Bridge Authority

JAGARAN CHAKMA

The government is keen on implementing the Dhaka East-West Elevated Expressway project with support from China instead of Malaysia under the public-private partnership (PPP) model.

The Embassy of China has hinted that Beijing could help implement the project, which will cost around \$2 billion.

Earlier, Malaysia expressed its willingness through its embassy in Dhaka to invest in the project under a government-to-government arrangement. However, Malaysia seems to have lost its interest.

As a result, the government has backtracked from its original decision to involve Malaysia as the country has not made any serious efforts to contact the Bangladesh Bridge Authority (BBA).

"China is interested to implement the project under a PPP model or a build-operate-transfer contract," said Quazi Muhammad Ferdous, chief engineer of the BBA.

The BBA does not want to delay the project any further and so, it does not matter which country or company comes forward first, he said.

"We wanted funding from South Korea, China and Singapore to begin the development as soon as possible," he added.

A proposal has been submitted to China in this regard.

During a meeting with the officials of the Economic Relations Division (ERD) in September, Chinese embassy officials said

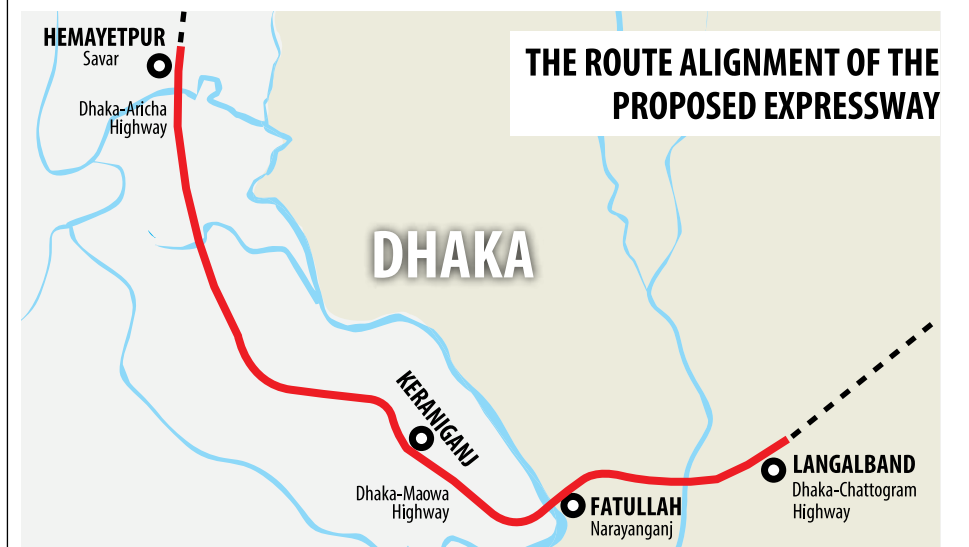
KEY POINTS

- Estimated cost of the project: **\$2 billion**
- Total length from Hemayetpur in Savar to Madanpur in Narayanganj: **40km**
- Estimated construction duration: **5 years**
- China may be involved under PPP or BOT model
- Vehicles to and from Chattogram and Sylhet can bypass Dhaka city
- Expressway to be linked with Dhaka-Maowa highway
- Project is under Asian highway network plan

want to have a bilateral PPP cooperation agreement with Bangladesh," Ferdous said.

During the meeting in September, it was decided that a seminar would be arranged on how to involve Chinese enterprises working in Bangladesh.

Two Chinese companies have already shown interest to invest and implement the expressway. The government plans to build a nearly 40-kilometre elevated expressway from Hemayetpur in Savar to Madanpur in



that the project could be implemented with the cooperation of Chinese firms.

Chinese enterprises have experience with these types of projects, they added.

There are at least 100 Chinese companies currently working in Bangladesh, some of which could be involved with the project, according to sources at the finance ministry.

"There is a scope to implement the project with Chinese involvement as they

Narayanganj to create a vital link between major highways.

The East-West Elevated Expressway would allow traffic to switch highways and skip the congested streets of the capital. Vehicles on the Dhaka-Aricha highway would be able to speed towards the Dhaka-Chattogram highway with options to go in the direction of Maowa and Sylhet.

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Business up for MNCs, but not like last year

AHSAN HABIB

Business for most listed multinational companies (MNCs) has bounced back in the July-September period compared to what was during the April-May lockdown, which aimed at curbing the spread of the novel coronavirus.

However, the development has been low when a year-on-year analysis is carried out.

On the bright side, in context to the preceding quarter of April to June, all 11 of the listed companies operating in Bangladesh witnessed higher sales and earnings.

The government announced a general leave from March 26, which was extended to May 30. Afterwards it decided to reopen the economy and subsequently, companies started to reopen their operations.

Of the listed 11 multinational companies, five witnessed lower sales in the last July-September quarter compared to that in the same period the previous year.

For three it was higher whereas the rest are yet to publish their quarterly financial reports.

"The pandemic hit the overall business community of the country along with ours," said a top official

COMPARISON OF REVENUES		
In crore taka; SOURCE: DSE		
COMPANY	JULY-SEPTEMBER, 2020	JULY-SEPTEMBER, 2019
GP	10,479	10,749
BATBC	5,563	6,011
Singer	625	536
LafargeHolcim	365	355
Marico	301	274
Heidelberg	251	252
Bata Shoe	140	171
Linde BD	135	139

of a listed multinational company preferring anonymity.

The biggest hit came in the April-June quarter, but businesses have bounced back in the July-September period, he said.

"There is still scope for a revival which will take some more time."

According to the Dhaka Stock Exchange data, sales revenue of British American Tobacco Bangladesh, Bata Shoe Company (Bangladesh), Linde Bangladesh, HeidelbergCement Bangladesh and Grameenphone

dropped year-on-year in the July-September quarter.

Meanwhile, sales of Singer Bangladesh, Marico Bangladesh and LafargeHolcim Bangladesh have soared.

"Our efforts on health, cost and cash have ensured that we stay focused during the crisis, while our fast progress on digital helped us become effective in the marketplace," said Rajesh Kumar Surana, CEO and country representative for LafargeHolcim Bangladesh.

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From climate change to equality, Lagarde turns ECB more political

REUTERS, Frankfurt
Since taking the helm a year ago, Christine Lagarde has turned the European Central Bank's attention to social issues like climate change and inequality, broadening its horizons but also opening it to attacks that could test its independence.

Lagarde's efforts to use the bank's leverage to fight global warming, gender imbalance or income inequality may have been overshadowed by the coronavirus pandemic and the ensuing, deep recession.

But they could yet reshape the currency union's most powerful institution and help redefine the role of central banking in an era where the threat of runaway inflation has faded into obscurity.

The ECB as an institution is one of a kind. Its president is uniquely powerful in swaying policy and the broader economic debate, as Lagarde's predecessor Mario Draghi demonstrated in 2012 when he said the bank would do "whatever it takes" to save the euro here, catching markets and some colleagues unaware.

The bank's role is also open to interpretation because of a vaguely worded Treaty.

Unlike the Fed, which has a dual mandate of nurturing price stability and employment, the ECB must first keep prices stable, then support the "general economic policies" of the European Union.

In stark contrast to her predecessors - all men with degrees in economics and decades

of central banking experience - the former politician Lagarde has demonstrated a willingness to use this leeway to promote the euro zone's wider social good.

"In addition to the narrow angle from which we have historically looked at monetary policy over the course of previous decades, we need to enlarge the horizon and be courageous in tackling some of these issues, although they are not the traditional areas that monetary economists look at," Lagarde said last week.

For the ECB, this is a new mission.

Former chief Jean Claude Trichet would say that fighting inflation was the only needle in the ECB's compass, while Draghi often warned about the dangers of unelected bureaucrats going beyond a narrow definition of their mandate.

What it will mean in practice depends on the outcome of the overarching review the ECB is currently carrying out - its first in 17 years. But Lagarde has already hinted at giving up market neutrality in asset buying and giving climate risk greater consideration.

Her interpretation of the bank's mandate is already irking some, however, particularly in Germany, who claim that the ECB is turning political by meddling in social policy without the authority or the right tools to do so.

That criticism could morph into an existential threat if it alienates the ECB's biggest



European Central Bank President Christine Lagarde

shareholder, Germany, where parts of the establishment have time and again challenged the central bank, including through the highest courts.

Nevertheless, Lagarde says the ECB needs to move with the times. "There are issues that actually impact the work that we have to do that is defined by the Treaty, which were not sufficiently considered at the time," she said. "Climate change was not lingua franca in those days."

An ECB spokesman declined to comment for this article. For more Lagarde quotes on her interpretation of the bank's mandate, click on:

The changes come just as the Fed tweaks its own focus, making an explicit commitment to benefit low- and moderate-income families when setting policy.

Lagarde's supporters say that a narrow interpretation of the bank's mandate never shielded it from political criticism and that ignoring social issues would only reinforce the perception that the bank is out of touch.

Members of the European Parliament, which oversees the ECB, also regularly ask why the ECB is not doing more for jobs or the climate, given its immense economic firepower and nearly 7 trillion euro (6.4 trillion pounds) balance sheet. Some ECB policymakers have already started to follow Lagarde's lead.

French central bank chief Francois Villeroy de Galhau has argued that employment and income distribution need to be considered when setting policy, while his Finnish peer Olli Rehn said that he could even live with

a temporary inflation overshoot if social welfare considerations warranted it.

For some, embracing social issues is the only way to stave off the spectre of a political takeover down the line.

"If the central bank behaves like an ostrich, sticking its head in the sand, it's going to lose its independence by default," Latvian central bank governor Martins Kazaks told Reuters.

"If it wants to retain its independence and remain relevant to society, it needs to listen and demonstrate it wants to help."

But his German colleague, Jens Weidmann, was sceptical, saying the ECB had "no mandate to pursue other aims in (its) own right or to play an active role in other policy areas".

Only this spring, Germany's top court ruled that the bank was exceeding its powers with oversized government bond purchases - an unprecedented conflict that has since been defused.

The ECB has already fought several legal battles over its powers in Germany, where hostility in conservative circles, the media and even among the broader public is not far below the surface.

Clemens Fuest, head of the influential Ifo Institute, has called out Lagarde, arguing that her climate change plans were undemocratic, while Friedrich Heinemann, a leading researcher at the ZEW, says the ECB has no mandate for many of these social considerations.

ByteDance in early talks to list Chinese short video app Douyin in Hong Kong

REUTERS, Beijing
TikTok-owner ByteDance is in discussions internally and with investment banks to list its Chinese short video app Douyin in Hong Kong, according to two people familiar with the situation.

ByteDance has discussed internally about the potential scenario and its representatives have met several investment banks in recent weeks to talk about such a possibility for Douyin, one of the people said, adding that the talks are very preliminary.

TikTok is not available in China and Douyin is TikTok's Chinese counterpart.

Investment banks have been doing research and analysis about a standalone IPO for Douyin, according to the second person.

A ByteDance spokeswoman declined to comment on behalf of the company and Douyin. The people declined to be named as the information isn't public.

Reuters reported in July that ByteDance studied the possibility to list its China business, including Douyin, in Hong Kong or Shanghai's STAR Board, against a backdrop of rising Sino-US tensions over its hit non-China video app TikTok.

ByteDance has been under pressure in the United States to sell the popular app's US arm. The White House contends that TikTok poses national security concerns as personal data collected on 100 million Americans who use the app could be obtained by China's government. People briefed on the matter do not expect any final agreement on TikTok before the election, Reuters has reported.

US District Judge Carl Nichols in Washington issued a preliminary injunction on Sept. 27 that barred the US Commerce Department from ordering app stores to remove the Chinese-owned short video-sharing app for download by new users.

Douyin, where users watch and upload short videos, is hugely popular in China. Douyin said it amassed 600 million daily active users as of August.

ByteDance's other Chinese operations include news aggregator Jinni Toutiao, work collaboration tool Feishu and video-streaming app Xigua.

Future Retail says examining order against Reliance deal

REUTERS, Bengaluru
Future Retail said on Monday it was examining an order by an arbitration panel to put on hold its \$3.38 billion asset sale to Reliance Industries, and would take steps in enforcement proceedings to close the deal without delay.

Shares in Future Retail were down 3.2 per cent by 0630 GMT, while Reliance's stock fell 2.4 per cent, weighing on the broader Mumbai market.

Amazon.com Inc received an emergency order from a Singapore arbitration panel to halt the two Indian companies from proceeding with the deal until an arbitration tribunal is formed, a source with direct knowledge of the matter told Reuters.

Amazon, which has alleged the deal breached existing agreements, last year bought a 49 per cent stake in Future Coupons Ltd, which owns a 7.3 per cent stake in Future Retail.

The investment came with contractual rights that include a right of first refusal and a non-compete-like pact, media had reported, and Amazon later started arbitration proceedings.

In a statement to Indian stock exchanges on Monday, Future Retail said it was not party to the agreement under which Amazon had invoked arbitration proceedings.

All relevant agreements were governed by Indian law and the matter "raises several



A customer pushes a trolley past a digital store of Reliance Industries Ltd in Mumbai.

fundamental jurisdictional issues," Future said. Billionaire Mukesh Ambani's Reliance in August decided to buy retail, wholesale and some other businesses of Future Group in a deal valued at \$3.38 billion, including debt.

Reliance Retail intends to complete the deal with Future Group without any delay, it said in a statement on Sunday. "The rights and obligations (under the deal) are fully enforceable under Indian Law," Reliance Retail added.

Two sources familiar with the matter said the temporary injunction was not automatically enforceable in India and that the order would have to be ratified by an Indian court.

In a statement, Amazon said: "We are grateful for the order which grants all the reliefs that were sought. We remain committed to an expeditious conclusion of the arbitration process."

Chevron bets on Middle East gas riches and reconciliation

REUTERS, Houston/London

After years of focusing on US shale, Chevron Corp is staking its natural gas future on the Middle East, a volatile and divided region where energy majors have long tread warily.

CEO Michael Wirth's pivot away from home is underpinned by a bet that the Middle East is entering an era of reconciliation that will make it ideal for tapping natural gas, as demand for the cheaper and cleaner fuel is forecast to outstrip oil.

The new strategy is seeing the company pitch new gas deals in Egypt, Israel, Qatar, while cutting spending on American shale exploration. The plan is anchored by Wirth's \$11.8 billion purchase this month of US-based Noble Energy, which holds a stake of about 40 per cent in the aptly-named Leviathan gas field in the Mediterranean Sea, off the coast of Israel.

"Five years ago the Eastern Med wasn't viewed as endowed from a resource standpoint as I think most people would say today. That's a fundamental shift," Wirth told Reuters in an interview. "There's not a lot of capital investment required in the near term," he said. "At a time when cash flow matters, that's a very appealing attribute."

The deal brings an alliance with Israel that has been smoothed by the narrowing of some historical rifts in the region, such as the establishment of formal ties between Israel and the United Arab Emirates in an agreement signed last month.

Wirth said Middle Eastern commercial and diplomatic relations "are becoming more codified and stronger, that's a trend that we think augurs well for the region."

Chevron also made a courtesy call about the Noble deal to officials in Saudi Arabia, a key partner in several Chevron oil projects and a nation with historically strained relations with Israel, according to a senior source at the

US company. The Saudi government media communications office did not respond to a request for comment, while Chevron said it did not discuss details of meetings.

Yet the regional political and security risks that have deterred some companies in recent years still exist. Syria and Yemen are riven by wars, with uncertain consequences for a wider region where archrivals Saudi Arabia and Iran are waging a proxy battle.



Chevron CEO Michael Wirth

Just this January, the US killing of Iranian general Qassem Soleimani in Iraq - and a reprisal by Tehran - illustrated the instability of the Middle East and threatened to engulf it in conflict. Despite such risks, Chevron - which at one point leap-frogged rival ExxonMobil this month to be the largest US oil company by market value - is plowing ahead with efforts across the region.

The Leviathan field and others nearby have the potential to become major factors in regional fuel supplies. Chevron could send gas to a Egyptian liquefied natural gas (LNG) plant that could ship the fuel to Europe or Asia, Wirth said.

European and Asian nations have been moving toward gas, solar and wind, and away from coal and nuclear power.

"The reality is you need gas in tandem with renewables," said Christopher Kalnin, CEO of Banpu Kalnin Ventures, which invests in US shale gas. Asia in particular will remain dependent on imported gas, he said, because it complements solar and wind. Global gas demand through 2025 is projected to rise 1.5 per cent per year on average, largely on growing purchases by customers in China and India.

In contrast, oil consumption may have already peaked at last year's 100 million barrel per day (bpd) level, forecasters say, and this year could sink to 91.7 million bpd, a seven-year low.

The Middle East produces a third of the world's oil and one sixth of its natural gas, and has long drawn the interest of foreign oil companies. Chevron produces fewer barrels of oil and gas in the region than other majors, according to Rystad Energy data, but it is the only major to have had a continuous presence in Saudi Arabia for 70 years and has maintained good relations with governments in the region.

"Chevron is extremely good at what I would call crown jewel government relations, big assets in challenging countries," said Robin West, a board member of Spanish oil major Repsol SA REPCMC and head of Boston Consulting Group's Center for Energy Impact. "They very quietly work away at things."

The Noble deal fits Wirth's effort to adapt to a low-cost energy world and expand in Qatar, Egypt and Iraq. It brought Chevron nearly 1 billion cubic feet of natural gas reserves, and ensures it remains among the world's top 10 gas suppliers.

"The size of the opportunity was way beyond the capacity of a company like Noble," said a former Chevron executive who declined to be identified because of ongoing relationships.

Coca-Cola's European partner makes \$6.6b play for Australia bottler

REUTERS, Sydney/Bengaluru

Coca-Cola Co's European bottler has made a \$9.28 billion (\$6.6 billion) buyout approach to Australian peer Coca-Cola Amatil Ltd, a cut-price proposal that the target firm is backing due to uncertainty sparked by the coronavirus crisis.

The takeover by Coca-Cola European Partners PLC (CCEP) would be the biggest involving Australia this year, but prices the target company below its market valuation in February - before the COVID-19 pandemic began to rock global markets and plunged the world into recession.

The support from the Australians indicates expectations of an economic recovery that could take years, a bleaker view than that of some local economists who have pointed to improving economic indicators. Coca-Cola Amatil's profit has been hit by shutdowns of restaurants and pubs since March.

The deal would unite two companies that bottle and distribute Coca-Cola drinks, providing scale, operating efficiencies and a larger geographic spread.

"Ultimately, when franchises become available, aligned Coke bottlers need to act," said Jefferies

analysts in a note, adding CCEP would be able to strengthen Amatil's operational capabilities. "Longer term, the deal offers a platform for further consolidation in Asia."

Amatil's shares closed up 16.3 per cent at A\$12.50, below the proposed offer price of A\$12.75, indicating investors are factoring in the possibility a deal might not come to fruition.

CCEP shares rose 8.5 per cent in morning trade in London. The deal

could lift CCEP's earnings by 18 per cent after three years, Jefferies said.

"We are really confident about the recovery that the business is making (but) clearly there's uncertainty over the next couple of years with the economic situation, and just the risk of further health outbreaks that could disrupt the business," said Coca-Cola Amatil Chief Executive Alison Watkins on an investor call on Monday, when asked about the price.



Multi can packs of Coca-Cola and Diet Coke are seen for sale in a motorway services shop, Reading, Britain.

BOJ to hold fire, signal readiness to extend Covid-response package

REUTERS, Tokyo

The Bank of Japan is set to keep monetary policy steady on Thursday and signal its readiness to extend the duration of a crisis-response package that has become a primary tool to deal with the deepening economic impact of the coronavirus crisis.

While the BOJ is seen slightly cutting its growth and price forecasts, many board members see no immediate need to expand stimulus on the view the world's third-largest economy is headed for a modest recovery, sources have told Reuters.

The central bank is expected to maintain its yield curve control (YCC) targets at -0.1 per cent for short-term interest rates and 0 per cent for long-term yields at a two-day rate review ending on Thursday.

"The BOJ probably feels it's premature to debate in depth ways to directly prop up economic and price growth," as it continues to focus on easing funding strains caused by the COVID-19 crisis, said Hiroshi Ugai, chief economist at JPMorgan Securities.

Much as YCC remains the BOJ's key policy framework, cutting the yield targets has become a less likely option due to the intense strain on bank margins from years of ultra-low rates.

That has increased the importance of a package of steps the central bank introduced from March through May, which includes aggressive purchases of corporate debt and a new lending facility to funnel money to smaller firms via financial institutions.

BOJ officials have said the package will serve as the first line of defense to counter the persistent pressure from Covid-19, suggesting that other tools such as rate cuts will be saved for more

extreme shocks such as an unwelcome yen spike. "For the time being, the BOJ can respond to risks using the package of measures," said a source familiar with its thinking, a view echoed by two other sources.

At his post-meeting briefing, BOJ Governor Haruhiko Kuroda is expected to reiterate the bank's readiness to extend the March 2021 deadline for the package of measures if necessary.



A man wearing a protective mask walks past the headquarters of Bank of Japan amid the coronavirus disease outbreak in Tokyo.

Apple supplier Luxshare unnerves Foxconn as US-China feud speeds supply chain shift

REUTERS, Taipei/Shanghai

Apple's top iPhone assembler, Taiwan-based Foxconn, has set up a task force to fend off the growing clout of Chinese electronics manufacturer Luxshare, which it believes poses a serious threat to its dominance, three sources with knowledge of the matter said.

The project was initiated by Foxconn's founder Terry Gou, according to one of the sources, to target Dongguan-based Luxshare, which is little-known internationally but is poised to become the first mainland China-headquartered firm to assemble iPhones - a turf until now dominated by Taiwanese manufacturers.

The task force, which the sources say was created last year, has been looking into Luxshare's technology, expansion plan, hiring strategy and whether the company - which currently makes only 5 per cent of Foxconn's revenue - is supported by any Chinese government entity.

While the US-China trade war and the coronavirus crisis have intensified pressure on global supply chains, an increasingly acrimonious tech feud between the economic giants has also prompted Beijing to strengthen efforts on creating world-leading local tech firms - and Luxshare's growth trajectory fits into that mould.

"Luxshare is set to rise ... it's just a matter of how fast it could be," one of the sources said. "It makes sense for China to build up its own supply chain and Luxshare is in line with that state policy."

That state policy, analysts say, is gaining traction with the rise of China's "red supply chain", where Chinese firms with apparent government support increasingly take on the work of manufacturing products for Apple and other global firms.

"Facing the rise of the red supply chain, the threat of Taiwan manufacturers being replaced continues to increase," Market Intelligence & Consulting Institute, a think tank backed by Taiwan government, wrote in a September report. Luxshare, whose chairwoman was once a worker at Taiwanese Apple supplier Foxlink, acquired two smaller factories belonging to Taiwanese iPhone assembler Wistron in China in July. Previously, Luxshare was best known for making Apple's AirPods.

One of the sources called it a "formidable opponent", and said Foxconn has been conducting extensive research on Luxshare, aiming to "defeat it completely."

The sources, who have direct knowledge of the matter and are familiar with Foxconn's thinking, declined to be named citing the sensitivity of the issue.

Public records reveal that while Luxshare is majority-owned by Grace Wang and her brother Wang

Laisheng, its minority shareholders include state-owned Chinese investment company Central Huijin Investment Ltd, which has a 1.38 per cent stake.

Luxshare has also received over 1 billion yuan (\$148.80 million) in government subsidies since 2016 to the first half of this year, a Reuters calculation of its financial reports shows. Roughly half of that sum came in 2019 alone.

Foxconn told Reuters in a statement the task force described in this story is "not grounded in facts" and there were "no meetings or any other contact."

"There have also been no other extraordinary actions taken by the management team." It did not elaborate. Luxshare declined to comment. Apple did not respond to a Reuters request for comment.

Luxshare was founded in 2004 by Grace Wang, who told Taiwan's Business Today in July that she was once a worker at Foxlink, owned by Gou's brother, T.C. Gou.

Its journey up Apple's value chain has been driven in part by acquiring smaller components makers, starting with the manufacturing of connector cables for the iPhone and Macbook through a 2011 acquisition of its Dongguan neighbour Lanto Electronics, then by making acoustic components for the iPhone, and eventually by manufacturing airpods.

The company's revenue has risen in tandem with its advance up Apple's value chain - sales in 2019 hit 62.5 billion yuan, up 75 per cent year-on-year.

That's roughly 5 per cent of Foxconn's revenue, formally called Hon Hai Precision Industry, although investor bets on the company's prospects have lifted its market value to roughly \$20 billion above the Taiwan firm's \$39 billion market capitalisation.

Luxshare now gets 58 per cent of its revenue from Apple, according to Morningstar Research

The company's July acquisition of Wistron's iPhone plants in Kunshan marks its most significant deal yet, which Fubon Research said could help Luxshare capture up to 30 per cent of iPhone production within the next five years.

Two of the sources familiar with Foxconn said Luxshare had also been actively poaching from Foxconn. In one case, one of the sources said, Luxshare offered 500,000 yuan (\$75,009) cash upfront as a relocation subsidy for a senior Foxconn employee to move family from Taiwan to China.

David Collins, a manufacturing consultant based in Taipei and Kunshan, says that Chinese firms see both Foxconn's legacy status, coupled with its move away from China, as prime opportunity to usurp it.

"Foxconn's share price is down roughly 50 per cent from two years ago. They see blood in the water."



Workers are seen inside a Foxconn factory in the township of Longhua in the southern Guangdong province, China. REUTERS/FILE

Gold slips on strong dollar, US stimulus doubts

REUTERS

Gold fell below the key psychological level of \$1,900 on Monday to its lowest in more than a week, pressured by a firmer dollar and stalled progress in talks for a new US coronavirus aid package.

Spot gold fell 0.2 per cent to \$1,897.35 per ounce by 0711 GMT, after hitting \$1,890.19, its lowest since Oct. 15.

US gold futures were down 0.4 per cent at \$1,898.20.

"There seems to be a lack of impetus to find extra buyers (for gold)... A lot of it is because we're trading in the looming shadow of the US elections and stimulus speculation," said IG Markets analyst Kyle Rodda.

The dollar rose 0.2 per cent against rivals. US House Speaker Nancy Pelosi on Sunday said the Trump administration was reviewing the latest plan for more COVID-19 relief and that she expected a response on Monday.

But with the presidential elections fast approaching, analysts said a victory for Democrat rival Joe Biden could help gold rally on a potential large stimulus package,

especially amid COVID-19 cases surging in the United States.

France registered a record increase in infections over the weekend and Spain announced a state of emergency as cases surged through Europe.

Widely viewed as a hedge against inflation and currency debasement, bullion has gained 25 per cent this year as central banks and governments unveiled unprecedented stimulus to cushion the economic fallout from the pandemic.

A break below support at \$1,887 per ounce could push gold lower to \$1,872, according to Reuters technical analyst Wang Tao.

Elsewhere, auto-catalyst metals palladium shed 0.8 per cent to \$2,372.80 while platinum fell 2 per cent to \$883.14.

"Although supply shocks for the pair have eased in recent weeks, Chinese car sales continue to eclipse expectations, which paints a bullish picture into the year end and should keep prices buoyant," MKS PAMP said in a note.

Silver dipped 1.8 per cent to \$24.14 per ounce.

Siemens, Carlyle near \$2.4b deal over Flender business

REUTERS

US buyout group Carlyle Group Inc is nearing an agreement to acquire Siemens AG's SIEGn.DE mechanical drive arm Flender, for about \$2 billion euros (\$2.37 billion), Bloomberg News reported citing sources.

Siemens and Carlyle are finalizing terms of the deal that could be announced as early as this week, the report said.

Last week Siemens had asked Triton, Carlyle, CVC and Brookfield to submit final offers next week for the business, which has earnings before interest, tax, depreciation and amortization of just above 200 million euros and could be valued at 8-9 times that, according to sources.

Brookfield was outbid by Carlyle in the

end, the report said, adding that the talks could still be delayed or fall apart.

Siemens declined to comment, Carlyle did not immediately respond to a request for a comment.

Flender supplies Winergy branded gear boxes and generators for wind turbines, gears and couplings for cranes, ships, oil and gas production, as well as components for the chemicals, pharma, cement and food industries.

Siemens bought Flender, which traces its roots back to a 19th century maker of belt pulleys, from Babcock Borsig in 2005. Flender has, however, not lived up to Siemens' growth and profitability expectations. The divestiture is a part of the industrial conglomerate's plans to streamline its operations.

No company can be bigger than its customers

FROM PAGE B4

"After becoming the director of operations, I naturally thought about whether I could lead the company or not. And after becoming managing director, I realised that it is just another job," she said.

To Chowdhury, having ambitious dreams is good but the important part is whether someone is really enjoying the job he or she is in.

"Passion and profession cannot be aligned all the time. One must enjoy the job, become more knowledgeable than others, be patient, fearless and honest. Then see what life gives you," she added. She also had some wise words for newcomers to the corporate world.

"If you've become very incompatible with your boss, remember: you cannot change the boss, you have to change the job," she said.

Knowledge is as important as IQ, adaptability and interaction but for mid-level officials, leadership skills are vital. She also thinks that every organisation must have a succession plan based on a transparent structure of meritocracy.

"There must be a measurable system of creating future leaders. When a managing director retires, there must be a pipeline to take over the job," she said.

As she does not believe in 'cult' or 'guru' ideals, she believes in forming some bonds while working in a team.

To her, the strongest attribute of a chief executive of a company is their 'love for the job' and fearlessness.

"Every morning, I enjoy going to the office and that's my passion," Chowdhury said.

Battery market swells riding on fast-expanding easy-bikes

FROM PAGE B4

Industry operators said unorganised and illegally manufactured batteries comprise more than half of the annual market for easy bikes.

Citing a notification issued by Bangladesh Road Transport Authority on the registration of electric vehicles this year, Moin said policy support is coming.

"That is good news. But the bad news is that the sector is still unorganised and the government should help make the sector organised," he said, adding that a lot of illegal firms are involved in battery-making, recycling and trading.

Because of the higher demand for batteries, illegal recycling has increased. "The government has to bring the recycling under a legal framework because improper recycling is causing serious damages to soil and the environment," the entrepreneur said.

"The sector has to be made compliant." Rahman also said government support is needed to help the sector grow in an organised manner.

With Covid curbs fading, China set for consumption rebound

REUTERS, Beijing

Over the weekend, crowds packed a former industrial warehouse in Beijing as the China Fashion Week got underway, with models strutting mask-less on a square runway and guests oblivious to social distancing norms.

Similarly vibrant scenes are being seen elsewhere in China as consumers return to cinemas, live performances and restaurants.

To many, they indicate a late-summer recovery in Chinese household spending is broadening and propelling the next stage of the economic recovery.

"This August, sales in the domestic (apparel) market turned from negative to positive," Zhang Qinghui, chairman of the China Fashion Designers Committee, told Reuters last week.

"I think the numbers for September, or even the fourth quarter, will be better."

Sales of consumer goods, a proxy for consumption in China, rose across the board at the end of the third quarter, led by auto purchases, as household incomes returned to positive growth and employment conditions improved after being slammed by the Covid-19 pandemic.

The recovery made China a lone bright spot in the retail world and a major source of earnings for global consumer brands from Starbucks to Louis Vuitton.

Still, Chinese spending on services lagged that on goods, and sectors such as hospitality and catering sector fared particularly badly due to social distancing rules,

restrictions on operating hours, and caps on capacity.

But with the easing of curbs gathering pace in the third quarter, the hospitality sector is poised to accelerate its recovery. Already, its contraction in output narrowed in the third quarter versus the previous three months.

"The services industry had been the most affected by Covid. Now, with restrictions being lifted, the industry is gradually emerging from its downturn, which would provide a strong boost to the broad recovery in the consumer market," said Ernan Cui, analyst at Gavekal Dragonomics.

"We expect growth would return to pre-Covid levels by the end of the year."

September's retail sales growth was still a third of pre-Covid-19 levels, but economists expect the

overall consumer market would stage a sharp rebound in coming months, after entertainment venues from cinemas to KTVs reopened in August.

On Oct. 1, the first day of the "Golden Week" holiday, China's box office raked in 745 million yuan (\$111.42 million), the highest single-day sales in 2020 and the second-best ever for the holiday.

And during the eight-day National Day break, China saw 637 million domestic tourists, though the number was only 79% of last year's total.

"We've returned to our old habits," said a 57-year-old Shanghai retiree surnamed Chen, who went on a 22-day self-drive tour in western Xinjiang region with her friends.

In Beijing, local rock bands have been playing to enthusiastic

crowds each weekend at the Temple Bar nesting in Beijing's many winding "hutong" alleyways, since the bar resumed such live gigs in September.

"Business is more or less back to pre-Covid levels," said a staff at the bar. "All we need right now is a vaccine. With that, everything can truly return to normal."

The return of spending is as vital to business-to-business companies as it is to consumer-facing businesses.

Benjamin Barthélémy, a Parisian who runs a film production studio in Beijing, said many small entertainment businesses had started recovering from Covid-19 in the past two months.

"Many, many meetings, many projects are coming back - it's like the machine slowly restarts. Commercials for cars and for everything else are really good now," Barthélémy said.

Next month, Tmall, Alibaba Group's e-commerce marketplace, expects over 2,600 foreign brands - an all-time high - to take part in the annual online "Double 11" shopping festival with sales set for another record in its 12th year.

The booming online consumption is helped by an improving job market.

In the first nine months, China created 8.98 million urban jobs, nearly hitting the government's full-year target of over 9 million. In the third quarter, household income growth turned positive, up 0.6 per cent year-on-year.

For some sectors, the recovery has taken a different form.



People dine at a restaurant in Beijing, China on October 25. REUTERS/FILE

Brokers should be allowed to issue bonds

FROM PAGE B4

As a result, the BSEC asked Bangladesh Bank to direct local lenders to form the fund and thereby increase the banking sector's investment in the stock market while abiding by rules and regulations.

It also urges Bangladesh Bank to resolve its regulatory issues in the foreign exchange guideline so that no issue would arise when opening online outlets for local brokerage houses in other countries.

BSEC Commissioner Shaikh Shamsuddin Ahmed and Executive Director Md Mahbul Alam were also present at the meeting.

Bangladesh Bank seems candid in its efforts to provide any support possible for the stock market, Ahmed said, adding that market regulators were now working together for the betterment of the stock market.

Merchant banks and brokerage houses provided a huge amount of margin loans to investors while the market was bullish between 2009 and 2010.

With the loans, investors bought overvalued stocks, the prices of which eventually dropped by 60 to 80 per cent.

But merchant banks and brokerage houses were requested by the then Finance Minister Abul Maal Abdul Muhith and BSEC Chairman M Khairul Hossain not to sell the shares.

However, securities law permits brokers and merchant bankers to sell shares whenever the stock price falls to a certain level so that negative equities do not evolve.

Due to negative equity, merchant banks and stock brokers are not investing in the capital market as per the BSEC's expectations, Ahmed said.

They have spoken to the central bank governor on how junk non-bank financial institutions can be restructured or recovered.

The mismatch between the bank companies act and corporate governance code over the number of independent directors was also analysed in the meeting and the authorities concerned have been asked to resolve the issue, he said.

Govt may involve China in elevated expressway project

FROM PAGE B1

In turn, vehicles from Chattogram and Sylhet would be able to bypass the city and head towards Maowa, Aricha and other northern districts.

The Dhaka-Maowa highway is directly linked with the under-construction Padma Bridge and to Narayanganj via the Dhaka-Narayanganj road.

Once completed, the new expressway would connect the north, south and west parts of the country. It will also significantly reduce traffic congestion in the capital by allowing vehicles bound for other destinations to bypass the city.

The project is a component of the strategic road network plan in the Dhaka Structure Plan (2016-2035) and the Asian Highway Network.

As per BBA's estimations in 2017, the Dhaka East-West Elevated Expressway was set to cost \$1,673.56 million while a bridge on the Bhulata-Araihazar-Banchharampur-Nabinagar road over the river Meghna

would require around \$182.43 million to complete.

"But now these costs will increase," Ferdous said.

The proposed route of the expressway is Hemayetpur-Nimtoli-Keraniganj-Ekuria-Janzira-Fatullah-Hajiganj-Bandar-Madanpur on the Dhaka-Chattogram highway.

Once complete, it will be an important part of the Asian Highway-1, which goes through Benapole-Jessore-Kanchpur-Dhaka-Sylhet-Tamabil.

In January 2018, the Planning Commission approved in principle the preliminary development project proposal and said the Dhaka Transport Coordination Authority's opinion was mandatory to formulate a development project proposal.

The government is currently implementing the 47km Dhaka Elevated Expressway, which would run from the Shahjalal International Airport to the Dhaka-Chattogram Highway.

Business up for MNCs, but not like last year

FROM PAGE B1

LafargeHolcim's net sales increased 3 per cent to Tk 365 crore while profits rose 71 per cent to Tk 65 crore on the back of internal efficiencies.

Despite disruptions emanating from Covid-19, Bangladesh, with its strong record of growth and sound economic policies, will make a rebound on its growth trajectory, said Surana.

The recent stimulus packages introduced by the government coupled with improvements in inward remittance will aid the resurgence of rural demand, he added.

Marico's results are driven by its consistent efforts behind creating world-class products for Bangladesh consumers, said Marico Bangladesh Managing Director Ashish Goupal in a recent interview.

"While adapting to new ways of working and a digital existence,

we made every effort to retain this consistency," he said.

However, there were intermittent supply chain disruptions across locations due to lockdowns, he admitted.

"De-modelling our distribution and sales network and putting in place stringent health and safety measures across locations helped ensure business continuity," he said.

On the other hand, Marico launched new products in the health and hygiene segment including a hand sanitiser, a hand wash and a vegetable wash, Goupal added.

It will take another two years for the economy to return to the pace of normalcy which was prevailing before the pandemic, said a top marketer of another listed company requesting to remain unnamed.

Whatever was sold once the general leave was lifted and the economy

reopened emanated from demand which had been put on hold for the pandemic, he said.

But many people are adapting their demands to the present status of their income and it forced them to reduce expenditures, he said, adding that thereby, sales would remain slow in the upcoming two or three quarters.

So, how the economy has rebounded or been impacted will be clear in the next two quarters, the official added.

A top official of an asset management company said the Bangladesh economy has been making a rebound but it was still on the path towards reaching its normal pace.

For local companies, the revenue and profits scenario are the same as that of the multinational companies, he added.

No company can be bigger than its customers

Berger Paints Bangladesh's Managing Director Rupali Chowdhury says at The Daily Star's The Chief Executive Show powered by Marico

DWOHA CHOWDHURY

Named after the late 18th century European chemist Lewis Berger, Berger Paints is on a never-ending quest to create innovative products.

The brand has become synonymous with paint for the masses as the company continues to grow with thousands of employees worldwide.

But according to Berger Paints Bangladesh's Managing Director Rupali Chowdhury, a company can never be bigger than its customers.

"Even though we keep growing, the consumers should never feel that we've outgrown them. We should always remain humble and help them to solve their problems," she said.

Chowdhury, who has been the managing director of the country's biggest paint brand

since 2008, shared her thoughts during the third episode of The Daily Star's The Chief Executive Show powered by Marico.

Chowdhury also believes that companies must be diversified in core areas while expanding or branching out their operations.

Berger noticed that at the time of painting, defects of a building get detected. So the company thought of how to solve the problem beforehand.

This led to the formation of a joint venture in 2018 with the UK's Fosroc International -- the world's leading construction chemical manufacturer.

Berger also initiated separate joint ventures with Sweden's Becker Industrial Coatings Holding to offer coil coating for its consumers and Japan's Chugoku Marine Paints to become the country's first marine related paint manufacturer.

"To improve your business, you need to consider the path that's related to the needs of the consumers you're presently serving," she added.



Rupali Chowdhury

companies in three foreign nations, various governments and stakeholders.

"There must be trust between two parties and as a leader you have to gain the trust so that the stakeholders can be assured of future bonding, transparency and free-flow of information," Chowdhury said.

As managing director of Berger Paints Bangladesh, Chowdhury mainly needs to deal with three nationals -- Swedish, British and Japanese.

Culture is very important while negotiating with foreign countries, she said.

"Before negotiating, knowing the fundamentals like strengths, weaknesses, market size and investment is important," she said, adding that compromises may be necessary when there are intangible benefits to be gained.

"Whatever you want to achieve, you have to say it loud and clear."

Berger holds 48 per cent share of the country's painting and coating industry, which is valued at Tk 4,000 crore. Still though, the company is on a mission to increase its turnover by 100 per cent every five years.



Chowdhury believes equal importance should be given to all functions of an organisation.

"Sales and marketing are the frontline of a company but no function is less than others. It all depends on making time-befitting initiatives," she said, adding that cross functional change is important for everyone to get a fair idea of the job.

With net sales of around Tk 1,882 crore, Berger achieved 6.13 per cent growth in its sales volume for the year that ended on March 31, 2020. Even though Berger now faces its most unprecedented economic stalemate due to the ongoing coronavirus pandemic, this is a test for its leaders.

Berger has its retained earnings and not mandatorily has to rely on day-to-day cash

flow. So Chowdhury is more concerned about making strategies for the mid and long terms.

She said the company assured around a thousand of its employees that there would be no job cuts. They also provided financial aid to the painters and safety gears for all.

"There was no business, but we were looking at the channel members. If they remain healthy and alive, then comes the question of business," she said.

And within two months, Berger managed to find a way to advance.

"By June, we'd created the operating protocol and even though uncertain demand was forecasted, we got a strong hold of it," Chowdhury added.

Amid the Covid-19 fallout, she was not just concerned for Berger but for the industry as a whole in her capacity as the president of Bangladesh Paint Manufacturer's Association.

"We've assured the government that large companies like us can survive but the question was of supporting medium and small companies who are struggling," she said.

"Not only those manufacturers, dealers are also struggling and these are bigger issues that needed the attention rather than my own company," she added.

Even though Chowdhury is leading several companies and organisations, her journey to the premier position was not planned during her youth.

She graduated with a degree in chemistry from Chittagong University and had no idea about business until she got admitted in the IBA of the University of Dhaka.

"That was the turning point. I wanted to become financially independent and completing your MBA means you are up for joining a commercial organisation," she said.

Her biggest career boost came from Ciba Geigy (Bangladesh), a Swiss multinational pharmaceutical and chemical company, where she worked in planning information control and product management for six years.

In 1990, she joined Berger in Chattogram as planning manager.

READ MORE ON B3

"Even though we keep growing, the consumers should never feel that we've outgrown them. We should always remain humble and help them to solve their problems."

Results must be delivered -- not in terms of just numbers but in behaviour, consumer delight, product satisfaction, innovation and everything

Brokers should be allowed to issue bonds

Suggests Bangladesh Bank governor

STAR BUSINESS REPORT

Brokers should be allowed to issue bonds so that they can help increase liquidity in the stock market, according to Fazle Kabir, governor of Bangladesh Bank.

Kabir made this suggestion in response to a request from Professor Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC).

Islam had sought liquidity support for the capital market, particularly for stock brokers and merchant bankers that are burdened by excessive negative equity.

When investors buy shares by taking margin loans from brokers to add to their own funds, the stock's price tends to drop to such an extent that its value remains under the loan amount and becomes negative equity.

This discussion between Kabir and Islam took place on Sunday at the central bank's head office in Dhaka. A number of officials from both organisations attended the meeting as well.

Quoting the governor, a senior Bangladesh Bank official said a package for the country's lenders has already been announced, allowing each to set up funds worth Tk 200 crore through repurchase agreements.

The fund would not be accounted as market exposure, meaning there would be no limit on how much a bank could invest in the market from this fund, according to a Bangladesh Bank notification.

There was a scope to form funds with a total value of around Tk 12,000 crore but only 15 banks formed the fund while the rest failed to follow suit, said the central bank official.



These women are among some 1,100 others becoming self-reliant by making handicrafts in their free time at Bogura's Sherpur upazila. They collect raw materials like palm leaf, kans grass, palm and jute fibres from BD Creation to make a variety of products like hamper baskets, floor mats and rugs of different sizes. The company exports the products to some 82 countries, generating valuable foreign currency for the country. In turn, each artisan earns between Tk 3,500 and Tk 10,000 a month, depending on the number of orders carried out. The photo was taken from Hapunia village of the upazila recently.

MOSTAFA SHABUI

RECOMMENDATIONS OF BSEC

- » Funds should be allocated for brokers and merchant bankers
- » Banks should be encouraged to increase their participation in stock market
- » Steps needed to rebuild business of poor-performing NBFIs
- » Solving problems regarding digital outlets of stock brokers for investors from abroad

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Battery market swells riding on fast-expanding easy-bikes

SOHEL PARVEZ

The rapid expansion of electric three-wheelers, popularly known as easy bike, has opened up huge business opportunities for battery manufacturers and traders in Bangladesh.

The annual market for batteries is Tk 8,000 crore and easy bikes consume more than 60 per cent of the market, two leading industry operators said.

Automobiles and solar home systems use the rest.

"It is huge. Battery demand has more than doubled in rural areas than metro areas. The segment has expanded in the last six to seven years," said Munawar Misbah Moin, president of the Accumulator Battery Manufacturers and Exporters Association of Bangladesh.

The market for rechargeable lead-acid battery had been stagnant or sluggish for years owing to the slow expansion of the use of cars and other vehicles in the country, said a senior official of one manufacturer.

The spread of electric three-wheelers, which are yet to get any formal recognition from the

government and mainly run by permissions secured from local government authorities such as municipalities, has given a big push to battery manufacturers and marketers.

Run by rechargeable batteries, the easy bikes mushroomed in the last decade in district towns and rural areas because of their rising acceptance among the people of all ages.

Moin, a director of Rahimafrooz, one of the leading battery manufacturers, said there are around 10 lakh electric three-wheelers and they require nearly 25-30 lakh batteries annually.

These vehicles have created jobs for 15 lakh people and carry nearly one crore people every day.

The electric three-wheelers are replacing rickshaws as the main mode of transport in towns and rural areas. "Now, very few rickshaws could be seen," said Md Sazedur Rahman, chief operating officer for the battery unit of Panna Group, another leading battery manufacturer.

He said batteries are also used in rickshaws and three-wheeler vans that used to be run

KEY TAKEAWAYS

- Tk **8,000** crore annual market of lead acid battery
- Market grows by **15** per cent
- Demand from easy bikes drives the growth
- Unorganised and illegal manufacturers enjoy a big portion of the easy-bike battery market
- Country has nearly **10** lakh easy bikes
- Illegal recycling of battery threatens environment

manually in the past.

An easy bike requires five batteries and a battery usually has 10-12 months of service life. Companies including Panna Group usually offer a six-month warranty.

Because of the requirement for replacement and the increase in the number of electric vehicles, the demand for batteries will grow.

"It appears the market would double in the next five years," said Rahman, adding that the market is growing by 15 per cent annually.

To tap the new market, existing manufacturers have expanded their production capacity.

Panna Group, which can produce 80,000 batteries a month for easy bike apart from 200,000 automotive batteries, is putting in place facilities that can make another 50,000 batteries for easy bikes.

Two more companies have made their foray into the segment in the last five years, Rahman added. Yet, organised players face competition from informal and illegally manufactured batteries.

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