



BUSINESS

ACI to form joint venture with biscuit maker of UK

STAR BUSINESS REPORT

ACI Ltd, one of the major diversified business houses in Bangladesh, yesterday said its board had approved an arrangement to form a joint venture company with London-based United Biscuits Topco Limited to make biscuits here and serve customers.

The name of the proposed joint venture company will be 'Pladis ACI Bangladesh Limited'.

The ACI will invest about Tk 50 crore in the next two years against its 49 percent shareholding in the proposed company, ACI said in a disclosure for its shareholders.

"Approval of this arrangement with 'Pladis' is subject to the usual condition precedents and other regulatory approvals," the company said.

Shares of the ACI remained unchanged at Dhaka Stock Exchange yesterday.

ACI will invest about Tk 50 crore in the next two years against its 49 percent shareholding in the proposed company

The ACI, which has a presence in food business, seeks to sign up for biscuit manufacturing at a time when the market for biscuits has expanded thanks to rising income.

A top official of the ACI Ltd seeking to remain unnamed said quality consciousness among Bangladesh's customers had grown and ACI wants to serve customers better by forging this joint venture with an international company.

"We have a good distribution network and we operate on diversified areas. We have a focus on how to bring global capabilities," the official said.

The factory is planned to be established near Dhaka but the production plan and time of launching are yet to be finalised, he added.

The ACI incurred a loss of Tk 49 crore in financial year 2022-23 resulting from an increase in the price of dollars and higher energy and borrowing costs.

READ MORE ON B3

Why banks invested in NBFIs

- To get higher return
- Deceived by aggressive marketing
- Political influence
- To get unfair benefits

WAYS FORWARD

- Strengthening NBFIs' loan recovery process
- Holding related NBFIs officials accountable
- Removing political influence from banks



Banks' funds stuck with NBFIs

SOURCE: BANKS' FINANCIAL REPORTS

Sonali	Tk 280cr		Agrani	Tk 460cr	
Rupali	Tk 566cr		Janata	Tk 295cr	

NBFIs' struggle

- 35 non-banks' defaulted loans were Tk 19,951cr at the end of June
- 27.65% of their total loans became bad
- Last year, 14 NBFIs out of a total of 35 were in red zone in BB's stress test
- In 2020, BB unearthed huge irregularities and scams at a dozen NBFIs

Amended labour law not worker-friendly

Union leaders complain to EU delegation

REFAYET ULLAH MIRDHA

A group of labour leaders of Bangladesh yesterday complained to the visiting delegation of the European Union that the amended labour law is not worker friendly as many anti-labour provisions have been incorporated.

They also said the Bangladesh Labour (Amendment) Bill 2023, which was passed in parliament on November 2, was not finalised following proper consultation with them.

For instance, the leaders had been demanding the withdrawal of the threshold on consent required to form trade unions at factories, with a view to easing the process of registration. The amended labour law has kept the provision.

As a result, if the number of workers in a factory is less than 3,000, the consent of 20 percent of labourers will be needed to form a trade union. It will be 15 percent in factories that employ more than 3,000 workers.

The union leaders also complained that the service benefit is not well-protected in the amended law. If a worker can't continue in his or her job for one year at a stretch, there is a possibility of losing the benefit.

The provision of maternity leaves for

State banks' Tk 1,600cr stuck in ailing NBFIs

AHSAN HABIB

Deposits of Tk 1,600 crore of four state run commercial banks — Sonali, Rupali, Agrani, and Janata — have been stuck in several weak non-bank financial institutions (NBFIs) as the latter have repeatedly failed to repay despite maturity owing to a persisting liquidity crisis.

Of the sum, Tk 1,392 crore was kept as fixed deposits and the rest was extended as loans through the call money market, financial reports of the banks for 2022 showed.

The NBFIs are Bangladesh Industrial Finance Company (BIFC), FAS Finance, First Finance, International Leasing & Financial Services Ltd (ILFSL), People's Leasing & Financial Services Limited, Premier Leasing, Prime Finance, Fareast Finance, and Union Capital.

The placement of deposits in the weak NBFIs raised the question of whether the banks carried out required due diligence before parking the depositors' funds.

Apart from this, the banks have kept about Tk 1,200 crore in some troubled banks as well.

The state lenders claim that the lucrative interest rate has

been the main driver for the investment decision.

Analysts, however, are unconvinced, saying giving support through deposits has been done either on the basis of wrong analysis or to receive unethical benefits.

Although ICB Islamic Bank,

government.

"The banks should keep their funds in banks or NBFIs after analysing their situation meticulously."

Agrani Bank kept Tk 409 crore in the form of fixed-deposit receipts (FDRs) with BIFC, FAS Finance, First

pursuing but the NBFIs are unable to repay the FDR amount on maturity, said Agrani Bank in its financial report.

Zaid Bakht, chairman of Agrani Bank, said most of the FDRs at banks are okay. However, FDRs with some NBFIs have been stuck as they fell into problems recently.

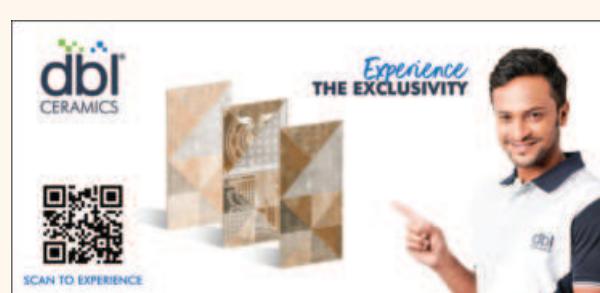
The investment in Padma Bank was made under a special situation and all the state-run banks had to invest following a government decision, he said.

The state-run banks are getting interest from their investments in the subordinated bonds of banks and NBFIs regularly. The redemption of the bonds is also regular.

The former research director of the Bangladesh Institute of Development Studies said the NBFIs had been doing well before descending into the current problematic state.

"Many general people are also in trouble for their investments in the NBFIs, whose bad image has impacted the entire sector. As a result, some good NBFIs have fallen into crisis. Many banks' FDRs have become stuck in the NBFIs."

READ MORE ON B3



the only bank that has been incurring losses for at least one decade, and Padma Bank, which has been renamed from Farmers Bank in order to sweep gross irregularities and loan scams under the rug, has been struggling for several years, it was able to attract deposits from the four banks.

"I don't know why the banks have kept their funds in such banks or NBFIs. There might be political pressure," said AB Mirza Azizul Islam, a former finance adviser to the caretaker

It invested Tk 100 crore in the subordinated bond of Padma Bank.

The bank is intensely

READ MORE ON B3

female workers is not well-specified, so factory management might keep following the old practice and the workers might be deprived again, said Nazma Akter, president of the Sammitilo Garment Sramik Federation, a workers' platform, at the meeting with the EU delegation at the EU office in Dhaka.

"Before the finalisation of the amendment, the union leaders were not consulted."

Md Towhidur Rahman, president of the Bangladesh Apparel Workers Federation, said it

READ MORE ON B3

STOCKS	
DSEX ▲	CASPI ▼
0.06% 6,249.82	0.03% 18,515.95

COMMODITIES	
Gold ▼	Oil ▼
\$1,946.56 (per ounce)	\$78.13 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.50% 64,933.87	▼ 0.34% 32,695.93	▼ 0.07% 3,104.66	▲ 0.31% 3,056.07

Normalcy returning to garment sector

STAR BUSINESS REPORT

After more than two weeks of unrest in the garment sector over minimum wages, normalcy has started to be restored with almost all factories reopening and workers returning to their workplaces yesterday.

Only a few factories in Ashulia are yet to reopen but they are getting ready to do so soon, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"I hope all the factories will reopen by tomorrow as the workers are coming back to their workplaces," he told The Daily Star yesterday.

Workers of one or two garment factories in Mirpur areas did not join their workplaces yesterday and they demonstrated for a few hours at Mirpur 10 in Dhaka, he added.

A section of workers has not accepted a minimum monthly wage declared on November 7 by a government-formed board representing all sides. They continue to demand Tk 23,000.

The minimum wage board has increased the minimum wage for garment workers to Tk 12,500, equivalent to around \$113.63, from Tk 8,000 at present.

It will come into effect from December 1 and workers will receive salaries under the new structure in January.

Almost all the factories have been reopened and normalcy has started to be restored in the garment sector as the workers are coming back to their workplaces, said Nazma Akter, president of Sammitilo Garment Sramik Federation.

Md Towhidur Rahman, president of Bangladesh Apparel Workers' Federation, echoed Akter.

Only a few factories in Ashulia are yet to reopen but they are getting ready to do so soon, said Faruque Hassan, president of BGMEA

Meanwhile, the BGMEA president sent another letter to the American Apparel & Footwear Association (AAFA) yesterday seeking higher prices from retailers and brands under the AAFA in line with the hike in the wages.

The letter was especially addressed to a number of retailers and brands which had themselves sent a letter to Prime Minister Sheikh Hasina on October 11 urging for urgent action regarding the labour unrest.

The retailers and brands are AEO Inc, Abercrombie & Fitch, Adidas, Amer Sports, Burton, Gap Inc, Hugo Boss AG, KMD

READ MORE ON B3



A woman takes away her purchases from a truck of the Trading Corporation of Bangladesh (TCB) in Dhaka's Ghatoli offering soybean oil, potatoes, onions, and lentils at subsidised rates. The government started the sale yesterday to alleviate the suffering of low-income consumers, especially those without TCB family cards. Soybean oil is being sold at Tk 100 per litre, potato at Tk 30 per kilogramme (kg), onion at Tk 50 per kg and lentil at Tk 60 per kg. A consumer can purchase a maximum of two kilogrammes of each item.

PHOTO: AMRAN HOSSAIN



Story on B4