

Banks, listed cos draw SEC flak

Regulators warn of legal consequences for AGM suspensions

M SHAMSUR RAHMAN

In the wake of a series of annual general meeting (AGM) suspensions by various commercial banks, the Securities and Exchange Commission (SEC) yesterday issued stern warning to all private commercial banks and listed companies stating the legal consequences of the postponements.

The capital market regulators said since April 26, 2003 some five commercial banks – National Bank Limited, Dhaka Bank Limited, City Bank Limited, Islami Bank Bangladesh Limited and Arab Bangladesh Bank Limited – have suspended their AGMs on different grounds.

Expressing grave concern over the increased suspension of the AGM dates, the SEC in its letter to all listed companies and private commercial banks said the move is against the interest of the general shareholders and contrary to the smooth development of the capital market.

"Under the circumstances, the SEC feels it necessary to warn all listed companies and banks not to suspend or defer AGM dates," the letter said.

It said any future deferment may attract certain provision of the Securities and Exchange Ordinance and the SEC may be compelled to initiate legal action.

Talking to The Daily Star, SEC officials said the banks started suspending their AGMs following two notifications by the central bank one of which directed the banks to remove directors who have been sitting on bank boards for the last six years.

Another Bangladesh Bank notification called for reducing the number of board directors to a maximum of 13.

Sources said many directors of these banks went to the High Court against the central bank orders but the vacation bench refused stay on the notifications.

"In the meantime, some of these directors influenced the deferral of

their AGMs in order to keep their board positions, since new directors are elected in the AGMs," an SEC official said seeking anonymity.

He said the directors can always go to court against the central bank order but that should not be at the cost of suspending the AGMs, holding of which is mandatory under the securities law.

"Besides, AGM delays hurt investor interests by not disclosing the financials and recommended dividends which influence trading," another senior SEC official said.

He said if investors find the AGMs to be suspended frequently they will feel discouraged to invest in the market which will have a negative impact in the long run.

Meanwhile, the SEC had summoned top officials of the five banks two days back advising them to hold AGMs in the earliest possible time.

Following the SEC advice, Islami Bank Bangladesh Ltd has already announced its new AGM date and the SEC hopes the rest of the bank will soon follow suit.

ATM glitch throws clients into chaos

16 booths of nine city banks go out of order, service resumes after 12 hours

NAZMUL AHSAN

The shared automated teller machine (ATM) service of nine major commercial banks faltered yesterday, causing immense suffering to their clients.

The 24-hour service went out of order early in the morning and remained suspended throughout the day. The ATM service providing company, Electronic Transactions Network Limited (ETNL), attributed the disruption to the shift of its office from Karwan Bazar to Gulshan.

"Our service resumed a little while ago," said an official of Agrani Bank at Jatiya Press Club booth at 9:45 last night. According to the ETNL officials, the service went out of order due to shifting of office.

Failing to draw cash from city's 16 ATM booths, cardholders expressed utter dissatisfaction over the "irresponsibility of banks and the service provider".

"I have to pay bills of Ibn Sina Clinic tonight (Wednesday), for which I need to draw money," a disgruntled Shakawat Hossain said at 3:30pm while speaking to The

Daily Star at the ATM booth at Mirpur Section 10.

Zahid, a businessman, who also failed to draw cash, said: "It is nonsense that neither the banks nor the service provider informed us about the disruption." Zahid went to the Dilkusha ATM booth.

Zahid said he needed Tk 20,000 to pay a wholesaler at Chwakhazar. "Where can I get the money now as the bank already stopped its transaction at 3:00pm?"

Jobaida Rashid, a housewife, said such deception and hassles are beyond imagination in the West.

The housewife went to ATM booths at the Jatiya Press Club branch.

There are 16 ATM booths in Dhaka, which share common ATM machines. Clients of the nine banks draw cash from any of these machines located across the capital.

Through the shared network of the ATMs, these banks cater to around 23,000 cardholders. The banks are Oriental Bank, Bank Asia, Credit Agricole Indosuez, Dhaka Bank, Islami Bank, National Credit and Commerce Bank Limited, Southeast Bank, Agrani Bank and

National Bank Limited.

The ETNL, a joint venture of United Group Bangladesh and IFS International, INC, USA, launched the service through setting up of ATM booths.

The ATM booths are located at Mirpur, Dilkusha, Jatiya Press Club, Dhanmondi, Mouchak, Nayapattan, Motijheel, Agargaon, Banani, Gulshan and Uttara.

Besides, facilitating 24-hour cash withdrawal services, these booths also enable cardholders to pay utility bills. The machines also enable cardholders to draw cash by inserting their card into the ATM slot and punching an access password popularly known as personal indication number (PIN).

The ATM concept has gained tremendous popularity among the bank clients, as conventional process takes long time due to long queues in banks.

The ETNL has so far set up 19 booths across the country. Of these, 16 booths operate in Dhaka, while two in Chittagong and one in Sylhet. According to ETNL, the ATM booths in Chittagong began functioning from yesterday noon.

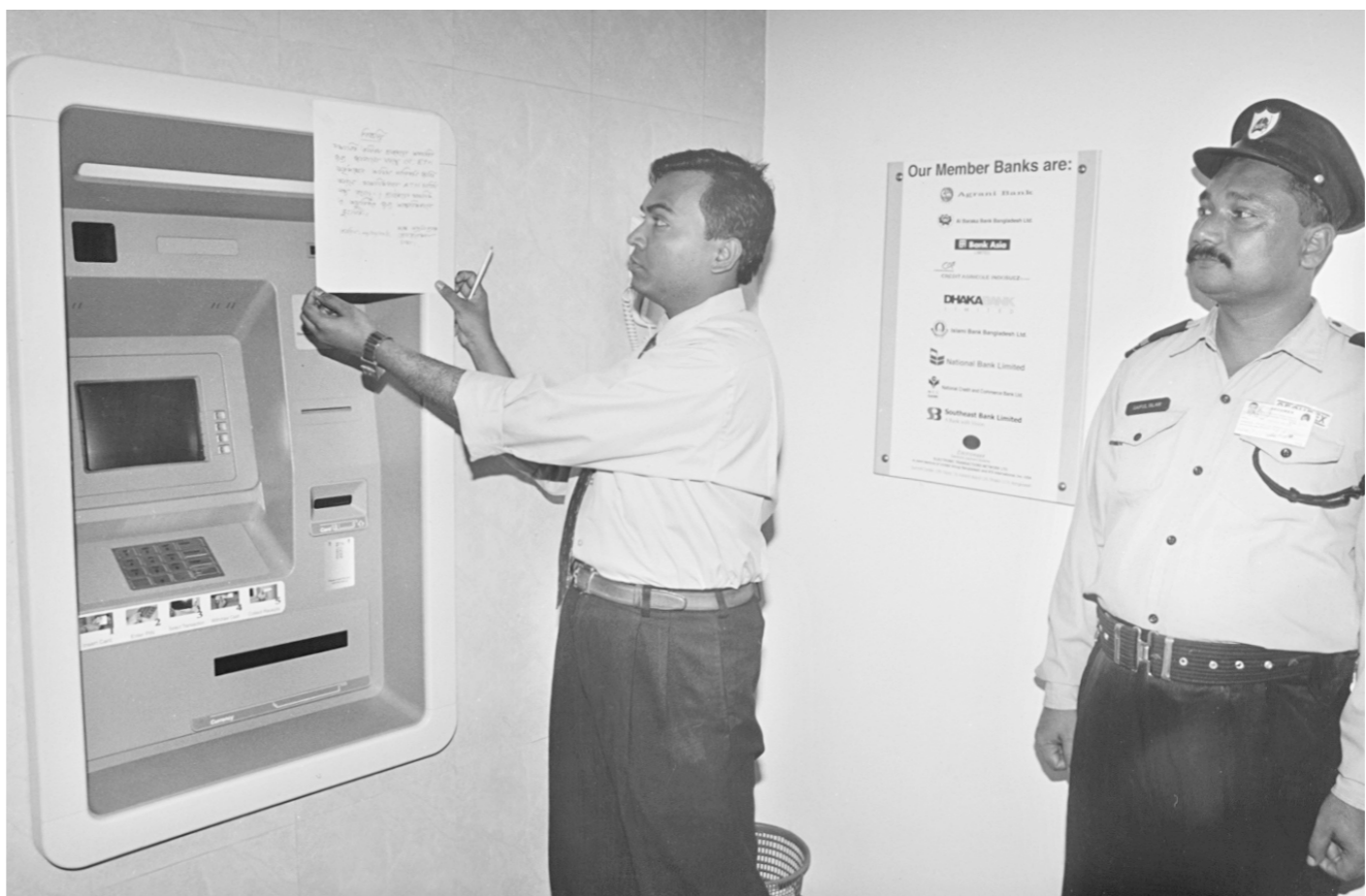
Managing Director of ETNL Zahir Ahmad said, "We have already informed all the nine banks about the disruption due to our office shifting."

When pointed out the clients were not informed in advance about the disruption, Ahmad said the responsibility lies on the banks.

When contacted, high officials of the NCCBL, Dhaka Bank and National Bank said they did not get any prior notice from the service provider about the possible disruption. But officials in Islami Bank and Agrani Bank admitted of receiving advanced information.

"The fax message of ETNL was made available on Wednesday, which forecast the possible disruption," an official of Agrani Bank told The Daily Star.

He, however, said they did not get sufficient time to make any public advertisement.



An official puts a notice of apology at an ATM booth yesterday afternoon as 16 shared automated teller machines of nine major commercial banks in Dhaka had faltered since the morning. The sudden service disruption created severe sufferings to the clients.

PHOTO: ANISUR RAHMAN

Tie up with regional power players to meet rising demand

Seminar in city calls upon government

STAR BUSINESS REPORT

South Asian experts and politicians yesterday called for effective coordination among the power sector regulatory bodies of the regional countries to meet growing electricity demand.

They advocated five projects that include formation of a network with the power systems of Bangladesh, Bhutan, India and Nepal. They also recommended exchange of information and technologies and share of experiences among the South Asian nations.

The experts also suggested limited exchange of electricity and interconnections between Pakistan and India.

They were speaking at a workshop on 'Finalising the Study on Energy Cooperation in South Asia', organised by the Centre for Policy Dialogue (CPD) in collaboration with the Coalition for Action on South Asian Cooperation (CASAC) at the BRAC Centre auditorium in the city.

"It is not possible for Bangladesh alone to meet its growing demand but joining hands with South Asian nations can help it improve the situation," State Minister for Power Iqbal Hasan Mahmud said.

"We have been able to provide electricity to only 30 per cent people and the demand for power is going up by 15 per cent every year. It is not possible for Bangladesh to meet this demand," he said while speaking at the concluding session of the two-day regional workshop as chief guest.

Chairing the closing session, Professor Rehman Sobhan, CPD chairman, said South Asian nations are divided by many things but united by poor governance.

South Asia is the biggest market for power in the world and it is not an accident that all multinational companies are increasingly looking at this market, he observed.

Apart from generating power at

home, Bangladesh can import it from other neighbouring countries, the CPD chairman said, observing that the country would generate its own power and develop distribution system is a primitive concept.

"Load shedding is a concept that doesn't exist in most part of the world," Prof Sobhan said, stressing the need for increasing cooperation among the South Asian nations and taking politics in right perspective to improve the present situation.

State Minister Mahmud mentioned Tripura, a northeastern state of India, is setting up a 1000 megawatts power plant but they don't need such huge power and added that Bangladesh can buy this power.

He identified political will as a basic problem in South Asia to extend cooperation among the nations, recommending for making a regional dispatch centre for power.

As India is the leader, it has to come forward for increasing regional cooperation that should be on win-win basis, Mahmud said, adding if South Asian countries join hands it is possible to bring down the tariff structure.

Niaz Naik, co-chairman of CASAC, said energy will be playing a key role in addressing the common problems like poverty alleviation and economic development of South Asia.

Earlier, Professor of Jawaharlal Nehru University Mahendra P Lama elaborately read out the recommendations.

The two-day workshop extensively discussed the country studies for Bangladesh, India, Pakistan and Nepal and a regional synthesis. Eight delegates from India, Pakistan, Nepal participated in the workshop.

First inter-bank Repo transaction

The first inter-bank Repo transaction was carried out yesterday in Bangladesh, says a press release.

Eastern Bank Limited (EBL) successfully completed the repurchase transaction worth Tk 8 crore against the government treasury bills with Uttara Bank.

Bangladesh Bank authorised the transaction.

JOBS arranges training for electricians

Job Opportunity and Business Support (JOBS), a project of USAID Bangladesh, arranged a three-day "Skill Development Training" for 37 electricians in Cox's Bazar recently, says a press release.

JOBS organised the training programme in association with Energypac. The objective of the course was to develop the skills of electricians. Such training was also held in Dhaka, Sylhet, Chittagong and Khulna earlier.

Imran Shauket, project director of JOBS project, distributed certificates among the electricians at the concluding ceremony of the course.

Shahiduzzaman MP and Nurul Akter, director of Energypac, were also present at the function.

JOBS provides training and other support services as a Business Development Service (BDS) facilitator to create sustainable wage-based skilled workers in the SME sector.

IDCOL course certificates distributed

Participants of a training course on Project Finance organised by Infrastructure Development Company Limited (IDCOL) were awarded certificates at a function held on Monday in Dhaka, says a press release.

Khandaker Shahidul Islam, secretary of the Ministry of Energy and Mineral Resources, distributed certificates among them.

2pc drop in industrial loan interest for exporters soon

Commerce minister tells leather seminar

STAR BUSINESS REPORT

Interest rate on industrial loans for the export-oriented industries will be slashed to seven per cent from existing nine per cent soon, said Commerce Minister Amir Khosru Mahmud Chowdhury yesterday.

He said the decision will be taken in line with the announcement made by the prime minister early this year.

Addressing a seminar on "Inventory of Leather Sector Industries of Bangladesh: Problems and Prospects", he said the government has identified high interest rate as the prime barrier to rapid industrialisation.

Bangladesh Finished Leather, Leather Goods and Footwear Exporters' Association (BFLLEFA) and Bangladesh Tanners Association (BTA) organised the seminar at a local hotel.

"After the forth coming budget I will sit with finance minister on the rate cut issue and hopefully the decision will be positive as the prime minister promised seven per cent

interest rate for export-oriented industrial loan from NCBs at the leather fair in January this year," the minister said.

About port facilities, he said the government has decided in principle to slash port charges by 20 per cent to boost export-import business.

A meeting of the national committee on export has also decided to set a three-hour delivery deadline at ports, he said. The decisions would take effect after cabinet approval.

On problems of leather industry, the minister assured that the Ministry of Commerce would sit with the industry leaders soon to address their problems.

He said the Dhaka-based tannery units would be relocated to Savar in phases and effluent treatment plants would be set up there to lessen pollution.

He urged leather industry owners to increase the pace of capacity building by developing skilled human resources and adopting modern technologies.

The minister asked them to

develop professionalism and invent designs to enhance overseas market share.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun said a leather policy is needed to derive maximum advantages from one of the major export-earning sectors.

Riding on a friendly policy, Vietnam increased its leather export earnings 30 times within a span of 15 years whereas Bangladesh walks backwards due to absence of proper policy and lack of government logistic supports, he said.

Syed Manzur Elahi, chairman of Apex Group and a leading exporter of the sector, warned that leather and leather goods exporters might face challenges as subsidy for this sector will not continue under the WTO regime.

"After 2004, a businessman will not be able to export its leather products if the factory do not have effluent treatment plant which reduces pollution," he said.

BFLLEFA Chairman Rezaul

Karim Ansari said yearly export earnings of Tk 2,800 crore from leather and leather goods could be raised to Tk 10,000 crore if the government reduces interest rate and provide necessary logistic supports.

Barkat Ullah Bulu, advisor to the Ministry of Commerce, Harun Chowdhury, chairman of BTA, Khondaker Mahbub Uddin MP and Nasir Uddin Ahmed MP also spoke at the function. MA Sattar, former chairman of BFLLEFA, was present.

Karam Ali Ahmed, former principal of the Institute of Leather Technology, presented the keynote paper at the working session. Presided over by Syed Manzur Elahi, the session was also addressed by Debapriya Bhattacharya, executive director of Centre for Policy Dialogue, and Atiur Rahman, senior research fellow of Bangladesh Institute of Development Studies.

EBL to launch new deposit product

Eastern Bank Limited (EBL) has signed an agreement with American Life Insurance Company (ALICO) to launch a new deposit product, says a press release.

EBL Managing Director and Chief Executive Officer (CEO) K Mahmood Sattar and ALICO Regional Vice President and General Manager M Nurul Islam signed the agreement yesterday on behalf of their respective sides.

ALICO Regional Director Anthony Ussher and other senior executives of ALICO and EBL were present.

Harpic 'Magic Clean Challenge' launched

The manufacturer of Harpic Power, a toilet cleaner, has launched a campaign for 'Magic Clean Challenge' in Bangladesh, says a press release.

The campaign aims to prove that Harpic Power has the ability to clean even the old toilet as it has more powerful formulation enhanced with active ingredients.

The campaign targets those housewives who are unable to get a clean toilet of their choice using ash, detergent, bleaching powder or ordinary toilet cleaners.



PHOTO: STAR

A woman comes out of an outlet of Banglar Mela, a store that sells handloom clothes and handicraft products, in Dhaka yesterday.

Banglar Mela keeps carving niche

STAR BUSINESS REPORT

Two years ago, a 2,500-square-foot shop at Banani started selling handloom clothes and handicraft products, produced by local artisans. The immediate results were probably beyond even the expectations of the sponsors.

The clientele group appreciated the designs, and demand started picking up quickly. Amidst enthusiastic market response, the sponsors decided to expand its presence to two more outlets within a span of two years.

The shop, Banglar Mela, today is a noteworthy entrepreneurial success that celebrated its second anniversary on Friday by opening a

third outlet at Dhanmondi. Previously, it had celebrated its first anniversary by opening an outlet at Mirpur.

State Minister of Cultural Affairs Selima Rahman inaugurated the Dhanmondi shop. Appreciating the role of Banglar Mela, she said the concept conceived two years back has proven successful in popularising Bangladeshi brand products.

She also praised the consistency of its overall approach with the heritage and culture of Bangladesh.

Chairman of Banglar Mela M Lutfulhah Majid acknowledged the role of his craftsmen network behind the store's success.

As part of the philosophy of shouldering social responsibilities

along with business objectives, he had introduced Banglar Mela Award two years back.

This year one weaver, Arun Guha, was given the award. Guha was recognised for his contributions in producing khadi clothes.

Replying to a question, Emdad Hoque, director of product development of Banglar Mela, attributed the success achieved primarily to strong local market demand.

At the same time, he highlighted the unique elements of Banglar Mela's offer package. "The fabric used for its products is usually woven by its own artisans instead of 'being bought off the shelf', thus offering novelty in designs and comfort," said Hoque.

He said since the store works directly with artisans, it eliminates layers of middlemen and accommodates attractive prices.

"The production process at Banglar Mela starts with designs developed in-house. The work is then distributed out to rural artisans," Hoque said.

Banglar Mela sources fabrics from nearly every weaving community including weavers from Narshingdi, silk-weavers from Chapainawabganj, khadi producers from Comilla, handloom checks from Sirajganj, and tribal fabrics from Rangamati.

"The same goes for embroideries and accessories, most of the work is done outside Dhaka with the

help of families where more than one member are involved in value-addition," Hoque said.

Banglar Mela employs a total of 300 weaver families, enabling each to earn roughly Tk 100 everyday. Strong items in the store's product portfolio are men's wear, tangail sarees and home products like bedcovers.

But to reach present heights Banglar Mela had to travel a long way. There was lack of government support, Chairman of Banglar Mela M Lutfulhah Majid said.

Financial assistance in terms of easy access to bank credit with minimum collateral is important for an enterprise of this size, he said.