

Training on arbitration, mediation vital for banking: analysts

STAR BUSINESS REPORT

Top bankers and experts have asked professionals to acquire knowledge on arbitration and mediation techniques, which are attractive means of dispute resolution, and assist in out-of-court dispute settlements, saving time, money and energy.

They made the comments at a five-day training on basic arbitration organised by Bangladesh International Arbitration Centre in coordination with the International Law Institute, Washington DC, at a city hotel.

"Trained manpower in arbitration and mediation are vital for the banking sector," said Helal Ahmed Chowdhury, managing director of Pubali Bank and a guest speaker at the programme.

In the past, our banking sector was plagued by a culture of default; banks gave loans but many debtors did not feel it was important to repay within the stipulated time and became defaulters, he said.



Middle, Anis A Khan, managing director of Mutual Trust Bank Ltd, attends a basic arbitration training programme organised by Bangladesh International Arbitration Centre and Washington-based International Law Institute, at Ruposhi Bangla Hotel in the capital yesterday. The five-day event started on October 20.

This culture was crippling our banking sector and at one stage, banks had no option but to file court cases against the defaulters,

he added. "It took years to get a verdict from our courts. But it was not the target of banks to create defaulters and file cases against

them," said Chowdhury.

The Artha Rin Adalat Ain of 2003 created an opportunity to settle the loan disputes through

mediation. At that time, it was optional for the parties to settle the disputes through mediation. However, in a 2010 amendment, mediation has been made mandatory, but due to a shortage of trained manpower in arbitration and mediation, banks and businesses are not being benefitted.

Speaking at the programme, Anis A Khan, managing director of Mutual Trust Bank, said economic indicators, such as GDP, reserve and inflation show a stable economic condition.

"At the same time, the banking industry is confronting unexpected challenges in many areas."

He stressed the need for our professionals to acquire skills and knowledge on arbitration and mediation.

BIAC Chief Executive Toufiq Ali also spoke at the programme. A total of 41 trainees drawn from different private and nationalised banks, law chambers and corporate houses participated in the training that ended yesterday.



Md Ehsan Khasru, managing director of Prime Bank, inaugurates the 145th ATM booth of the bank at Banasree Residential Area recently. Habibur Rahman, head of retail banking operations, was also present.



M Khairul Hossain, chairman of Bangladesh Securities and Exchange Commission, poses with 73 foreign delegates from 15 countries and the officials of Central Depository Bangladesh Ltd at the 17th general meeting of Asia Pacific Central Securities Depository Group at Sonargaon Hotel in Dhaka recently.

Factory deaths fail to spur inspections

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"There is no time to lose any more," said Gerben Sjoerd de Jong, the Dutch ambassador, on October 22. "The inspections need to begin now." He was announcing a \$24.2 million programme funded by the Dutch and British governments and the International Labour Organisation to support the Bangladeshi government inspections.

An inspections system led by European retailers including Hennes & Mauritz AB called the Accord on Fire and Building Safety in Bangladesh will see its first international staff people arrive next week. The Alliance for Bangladesh Worker Safety, a group of mostly North American retailers, says the list of the factories its signatories use is a work in progress and no inspections staff is in place in the country.

No List

The Bangladeshi government, which will inspect the remaining plants under the Tripartite National Action Plan hasn't finalised the list of plants that fall under its purview or beefed up staffing to enable the inspections.

And so far, the three groups have yet to agree upon what a universally acceptable inspection will look like.

Shouting Fire

Emdad Hossain, director of the Aswad Composite Mills Ltd. factory, was in his second-floor office at 5:33 pm when he heard somebody scream out "fire." Flames were leaping from floor to floor.

Hossain and his men began deploying the plant's fire-fighting equipment while waiting for fire trucks that had to navigate a traffic-clogged highway and a narrow, potholed road to get to the four story-building. By the time the blaze was controlled, nine men had either burned to death or died from smoke inhalation, according to the police. Television footage showed flames shooting out of the roof.

"It was completely unbelievable," said Hossain in an interview two days afterward, straining from a back injury sustained when

he was knocked to the ground while trying to fight the fire. "We never imagined it would spread so fast."

On October 13, the Department of Inspections of Factories and Establishments filed criminal charges against the factory's owners, Palmal Group. The department alleged the company had been warned that it didn't have adequate fire extinguishers, didn't fully report its electrical machinery, had expanded the facility without proper approvals and that its walkways were too narrow, according to a statement.

No Notice

Nafis Sikder, a director at Dhaka-based Palmal, denied the allegations in an October 22 phone interview. He said the company had never received any notice of the violations from the department.

Palmal had supplied clothing to retailers such as H&M, Wal-Mart subsidiary Asda and Primark Stores Ltd., a UK-based unit of Associated British Foods Plc, according to statements from the companies.

Data Collection

H&M spokeswoman Elin Hallerby said data collection about the factories has been completed and key appointments filled. H&M also will continue its own audits in Bangladesh, she said.

The immediate goal is to agree upon a common inspection standard, so that each of Bangladesh's 5,000 or so factories are reviewed only once, said York at the Radisson Hotel in Dhaka. The group doesn't yet have an office.

That requires coordination with the local garment lobbying group, the Bangladesh Garment Manufacturers and Exporters Association. The Washington, DC-based International Labour Rights Forum, in a December 2010 report, listed the BGMEA as a top offender in failing to enforce labour-rights violations.

BGMEA President Atiqul Islam said in a phone interview yesterday that his organisation supports the creation of worker committees, training of workers and monitoring

for illnesses. Rules passed by the government to make it easier to unionise were supported by the association.

Company Audits

An independent inspection carried out in June by Tesco Plc, Debenhams Plc, Primark and Hong Kong-based Li & Fung Ltd found that a sewing unit for a factory called Liberty Fashion Wears Ltd was close to collapse. The retailers said in an October 2 statement that "it would be dangerous to allow workers to return to work" in the factory.

The building was shut down and workers idled while the buyers negotiated with the factory owner, Mozammel Huq, over how to bring the factory up to acceptable standards.

Huq disagreed with the findings, and arranged for an alternate inspection by the BGMEA and the Bangladesh University of Engineering and Technology. Both the BGMEA and BUET reports said the factory was safe, Huq said in an interview.

The way the reviews were done "is completely unethical," he said. "For more than 10 years they have bought from this factory, and suddenly they have decided it is unsafe?"

Eid Bonus

The retailers provided \$400,000 to pay the idled workers their wages and a bonus for the Muslim holiday of Eid, according to a person with knowledge of the negotiations. On October 15, the day before Eid, hundreds of workers protested outside the factory, demanding a resolution to the situation.

"I have been borrowing money from family for months to pay for food and medicine, and now it's Eid, and I can't even buy my son a new shirt for the holidays," said Rahima Begum, a 28-year-old woman who carried an ID card from her job at the company.

Minimum Wage

The minimum wages she's getting of \$45 a month are less than her normal take-home earnings since she normally put in at least three hours of overtime each day and worked weekends when she could.

The Alliance, whose founders include Wal-

Mart and Gap Inc., two of the biggest buyers sourcing in Bangladesh, hasn't begun its own independent inspections, said Rosanna Maity, a spokeswoman for the Alliance.

Of the 620 factories identified by brands in the Alliance, more 300 have been audited by the brands themselves under standards that could be considered equivalent to Alliance levels, said Jeffrey Krilla, president of the programme.

'High Standards'

"The good news is that the companies in the Alliance have very high standards," said Krilla in a phone interview from Washington. "One of the big challenges for factory owners was having to meet so many different standards, and what we are hearing from inspectors is that the owners welcome unified standards, and that they are interested in being inspected."

One Line

Bangladesh's chief inspector of factories, Mushiur Rehman, was unavailable for comment, his personal assistant said. His office, on the eighth floor of a building shared with other government ministries, is a cramped room, with no computer, a single functioning phone line and a filing cabinet overflowing with documents.

The department has fewer than 50 safety inspectors for some 8,000 factories, according to a presentation in Bangladesh's parliament earlier this year.

Rajuk, which is what the Dhaka Development Authority is called locally, has asked for funding to expand its total number of inspection engineers to about 240, said Chief Engineer Emdadul Islam.

In the days after the Rana Plaza collapse, Rajuk had started its own survey of buildings, seeking to get a headstart on the process by collecting engineering plans and digitising them. The process was finally abandoned after a lack of resources, including broken-down cars, exhausted engineers and reluctant factory owners bogged it down, said Islam.



Nizam Chowdhury, chairman of NRB Global Bank, inaugurates the bank's Gulshan corporate branch in Dhaka on Wednesday. Md Abdul Quddus, managing director, was also present.

Matia warns food processors

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He said the government is in the process of establishing the Food Safety Authority in light of the Safe Food Act 2013 passed in the parliament early this month.

"We are now finalising the rules in line with the law. The Food Safety Authority will start work soon," he said.

Citing Food and Agriculture Organisation-sponsored studies, Rezaul Karim Talukder, national adviser to the national food policy capacity strengthening project under the food ministry, said chemicals and hormones are used indiscriminately in the production and marketing of vegetables, fruits and fish.

He said food security cannot be ensured

without sustainable food systems as it also implies the provision of safe and nutritious food for all.

Lawmaker Manirul Islam said food production and consumption has increased over the years, and toxicity of chemicals used in foods causes many diseases.

Barc Chairman Wais Kabir said the use of preservatives and additives is rising in line with an increase in food processing and commercialisation of agriculture. He suggested enhancing the analytical and diagnostic capacity of the state.

Raising awareness among people is also necessary to motivate all stakeholders in the food chain, he added.



Major General SM Motiur Rahman, GOC of 55 artillery brigade and commander of Jessore, and Abu Nasser Mohammad Abdus Zaher, chairman of Islami Bank Bangladesh, pose beside the foundation stone of the academic building of Proyash School for special children, financed by the bank, at Jessore cantonment recently.

Regulator to ask firms again not to offer gifts during AGM

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The Bangladesh Securities and Exchange Commission (BSEC) yesterday decided to reissue a notice soon to remind the listed companies not to entertain the shareholders with gifts or cash benefits during annual general meeting (AGM).

The stockmarket regulator had first served the notice on October 24 in 2000, prohibiting such exchange during AGM.

According to the notice, "no benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of equity securities."

Chaos often takes place during the AGM while the shareholders are entertained with foods or other gift items by the company management, which hinders the main activities, the BSEC said in a statement.

All listed companies would have to follow the regulatory instruction, according to the statement.

Unilever says sales hit by emerging markets slowdown

AFF, The Hague

Anglo-Dutch food and cosmetics giant Unilever, seen as a bellwether for global consumer spending, said on Thursday that its third-quarter sales had been hit by weakened demand in emerging markets.

Turnover fell 6.5 percent to 12.5 billion euros (\$17.3 billion) compared to the outcome in the same period last year.

This included a negative currency impact of 8.5 percent, the company said in a statement.

Underlying sales were up 3.2 percent, compared to a 5.9 percent increase a year earlier.

Growth in emerging markets was up 5.9 percent, compared to 12.1 in 3Q 2012.

Unilever warned earlier this month of weakening growth in emerging markets, accelerated by currency weakening.

Forex reserves still not excessive: WB

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"The ongoing currency volatility in India, Indonesia, Brazil, and Turkey has again demonstrated the importance of holding adequate reserve as part of the country's defence against shocks, while working on structural vulnerabilities in a credible manner."

The WB report said most countries, regardless of the region, have accumulated more reserves in recent years than suggested by standard rules of thumb. The median coverage ratios among emerging markets are around 6 months of import, 200 percent of short term debt and 30 percent of broad money.

In most low-income countries, the median coverage ratios are around 4.7 months of imports, 55 percent of broad money and 20 percent of GDP, it said.

The report, however, said Bangladesh's current reserve level constitutes 4.6 months of import cover, 11.8 percent of GDP and 20.1 percent of broad money.

In the present context, Bangladesh's foreign exchange reserve is not excessive, Zahid Hussain, lead economist at the WB Dhaka office, said on Wednesday.

Bangladesh Institute of Development Studies' Senior Research Fellow Zaid Bakht said it is not a question of whether the forex reserve in Bangladesh is excessive or not. He said the matter of concern is that the country's imports are falling and investment is not increasing. Due to exchange rate volatility, exporters and remitters are being affected, which is not desirable, Bakht added.

The central bank official said the foreign currency reserve has increased but they feel it should be more.

In recent times, investment is low but once the political uncertainty is over following the next national elections, investment will pick up, the official added.

The government has taken an initiative to build the Padma Bridge with its own funds, along with some other big projects like the metro rail and Dhaka Elevated Expressway, which will require huge amounts of foreign currency, the official said.

Last fiscal year, the central bank approved foreign currency loans worth around \$1.8 billion; repayment of the loan will also require foreign currency, the BB official added.

Considering the overall demands from the economy, the current reserve is comfortable, but it needs to be increased, he said.

No compensation yet

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The ones who attended are: Primark, Store 21, Mascot, Matalan, El Corte Ingles, KIK, Loblaw's, Bonmarche and Camaieu.

Meanwhile, GIZ, the development aid agency of the German government, the Centre for the Rehabilitation of the Paralysed and the Bangladesh Garment Manufacturers and Exporters Association yesterday signed a memorandum of understanding (MoU) to rehabilitate the victims of Rana Plaza victims.

"In the face of recent incidents, we are faced with many challenges and the time has come to urgently address the hindrances and adopt best practices in the garment sector, through collaborative efforts, to salvage the reputation of this industry that affects the lives and livelihoods of 4 million workers," Albrecht Conze, the German ambassador in Bangladesh, said at the MoU signing ceremony.