

# BANKING COMPANIES ACT JS body backs changes

RASHIDUL HASAN

The parliamentary standing committee on the finance ministry yesterday recommended passing the Banking Companies (Amendment) Act-2017 in line with the changes planned by the government.

"The committee will place its report in parliament tomorrow (today)," Awami League Lawmaker Abdur Razzaque, chief of the parliamentary watchdog, told The Daily Star after a meeting at the Jatiya Sangsad Bhaban.

The act proposes doubling the number of directors in a bank's board from a single family. Currently the figure is two.

It also proposes that the tenure of the shareholding directors be extended from six to nine years and that they be allowed to become directors again after a three-year hiatus.

Economists and former central bankers opposed the amendments saying it would harm depositors' interests and that the government was bowing to pressure from businessmen.

The parliamentary body in an October meeting had postponed discussions on the Act as Finance Minister AMA Muhith was not present.

Razzaque at that time told reporters that the body wanted to ask Muhith the reason for the proposed changes as the civil society and people related to the banking sector were

speaking against the amendments.

Yesterday he said although he had some reservations, the body unanimously took the decision keeping it unchanged.

The bill is likely to be passed in the ongoing session of parliament.

When asked why the body did not hold elaborate discussions, especially on the proposed changes, Razzaque said the committee members did not oppose any provision.

The cabinet on May 8 approved the proposed amendments.

At the time, Mirza Azizul Islam, a former adviser to a caretaker government, told The Daily Star, "This is definitely not desirable from the point of good governance in the banking sector."

"I think the government has surrendered to the pressure exerted by the business lobby. Other than this, I don't find any justification."

The Act was placed in parliament on September 12 amid strong opposition from Jatiya Party, which termed the government move unethical.

The Act was last amended in 2013 regarding shareholding directors' tenure and how many of a family could become directors. The changes were in line with the advice of the International Monetary Fund and came against the backdrop of directors getting involved in irregularities.

# Samsung Electronics launches service vans

STAR BUSINESS DESK

Samsung Electronics Bangladesh recently launched two service vans for customers in Rajshahi and Rangpur who bought Samsung Home Appliances through brand shops and authorised distributors.

Once service issues are registered with customer care centres, the vans along with engineers will move to customers' homes at eight locations of Rajshahi and nine of Rangpur, the company said in a statement yesterday.

The Samsung authorised showrooms are Fair Electronics Limited, Transcom Digital, Electra International, Rangs and Singer.

Launching it at the company's head office in Dhaka on Monday, Seungwon Youn, managing director of Samsung Electronics Bangladesh, said, "Samsung is working relentlessly to ensure highest customer satisfaction with its innovative products and best in class after sales service."

"This initiative is the first of its kind in Bangladesh for home appliances and we plan to launch similar



SAMSUNG ELECTRONICS

Seungwon Youn, managing director of Samsung Electronics Bangladesh, Arshad Huq, chief operating officer of Transcom Electronics, and Yeamin Sharif Chowdhury, head of business, attend the launch of Samsung Electronics' two movable service vans at its head office in Dhaka on Monday.

initiative throughout other remote areas."

Arshad Huq, chief operating officer of Transcom Electronics; Yeamin Sharif Chowdhury, head of Business, and Tanveer Shahed, head for customer satisfaction at Samsung Electronics, were also present.



EBL

Ali Reza Iftekhar, CEO of Eastern Bank, and Kamal Quadir, CEO of bKash, exchange documents after signing a deal at a hotel in Dhaka yesterday. The bank will provide tailored cash payment solutions to the mobile money operator.

Chef of Kathbadam Restaurant poses with the new 25-inch pizza at its launch at the eatery near Sher-e Bangla National Cricket Stadium at Mirpur in Dhaka on Monday. Each of the beef/chicken pizza is priced at Tk 2,000.



# Nafta nations lock horns on US auto demands

REUTERS, Mexico City

Negotiators from the United States, Mexico and Canada square off on Tuesday for the last time in a fifth round of talks to rework the North American Free Trade Agreement, with stalemate brewing on a contentious proposal to ramp up regional content for autos.

Officials and lobbyists say Mexico and Canada will firmly push back

against the US demand to raise the minimum threshold for Nafta autos to 85 percent from 62.5 percent, as well as insist that fully half the content is from the United States.

The proposal is a central plank of US President Donald Trump's America First strategy to bring back manufacturing jobs to the United States, though it faces stiff resistance from the auto industry, which questions its viability.

# Govt to finally relax rules for trade unionism

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"We also suggested the government put the percentage at a tolerable level so that the industry can be benefited from the practice of healthy trade unionism," said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association, who also attended the meeting.

"We are working on the feedback from the ILO," Chunnun told reporters after the meeting.

Huq said the prime minister's consent on the revised drafts will be solicited before forwarding it to the ILO again.

The government will send the final draft copy of the proposed amendment to the ILO within a day or two, according to a participant at yesterday's meeting.

The expert committee of the ILO is scheduled to start its three week-long meeting in Geneva from today to review

the labour practices by different countries including Bangladesh.

The committee will give its feedback on the proposed amendment of labour law of Bangladesh in February next year, said an official of the ILO's Dhaka office asking not to be named.

This means the amendment of the labour law within the stipulated timeframe of November is unlikely.

The EU, the US and the ILO have been putting pressure on the government for amendment of the labour law for workers, including those employed at factories housed inside of the Export Processing Zones.

In the previous amendment of the labour law in July 2013, the government put a provision of 30 percent signatories for forming a trade union, which the rights groups think is a barrier to full freedom of association at the factory level.

# Accenture closes Dhaka office

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The management of the firm sent a common email to its employees Sunday night, communicating that it was closing the office, Ahmed said.

Raihan Shamsi, chief executive officer of Accenture Communications Infrastructure Solutions Ltd, declined to comment.

Based in Dublin, Ireland, Accenture made foray into Bangladesh in 2013 after acquiring 51 percent share of Grameenphone's GPIT, which used to provide IT solutions to the mobile phone operator.

Accenture had also hoped to provide end-to-end solutions to banks, financial institutions, fast-moving consumer goods, pharmaceuticals and telecom companies. But company insiders said it did not gain much traction.

Accenture also failed to retain work order from Grameenphone. In an open tender this year, it lost out to Wipro, a global information technology company based in Bangalore, India.

Under these circumstances, the outsourcing firm announced its plan to wind up the operations in July this year.

Since the decision was shared with employees, the union has been demanding 60 basic salaries, a practice that is fol-

lowed by Grameenphone in case of golden handshakes, along with benefits such as provident funds, gratuity funds and leave encashment facilities.

But Accenture did not agree to give even 30 basic salaries, said Ahmed.

Aminul Islam, a joint secretary of the labour and employment ministry, who attended the talks as government representative, expressed his surprise after knowing that Accenture had closed its office without concluding the negotiation. "I have informed our minister (Md Mujibur Haque) about the situation and we will act according to his decision," said Islam.

Although the employees union demanded 60 basic salaries, the government is trying to settle it at 36 basic salaries, the joint secretary also said.

Accenture had 556 employees. After the final decision on closure, 191 of them joined Wipro, which has already opened office in Dhaka. Grameenphone holds 49 percent share in Accenture Bangladesh.

Earlier this month, Sigve Brekke, CEO of Telenor Group, the majority shareholder of Grameenphone, was asked about the Accenture issue but he also refused to make any comment. Accenture has operations in more than 120 countries.

# Meghna Bank MD resigns

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Banking sources, however, said the seasoned banker resigned over a Tk 45 crore loan provided to one Rupali Corporation.

As the client defaulted on the loan, the

bank called an auction to sell off the borrower's mortgaged property.

Some directors were of the view that the loan was granted unlawfully and put the blame on the management, said a senior official asking not to be named.

# Ailing Farmers Bank gets Tk 96cr from BB

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It also could not pay back the amount borrowed from call money market.

The bank owes Tk 124 crore in the call money market and the amount is being rolled over since January, according to data from the BB.

In a desperate bid to attract funds, the bank is now offering up to 12 percent interest for deposit -- the highest in the market.

As of September, the bank's weighted average interest rate on deposits is 8.79 percent in contrast to the industry average of 4.9 percent.

The high interest rates have pushed up the bank's cost of funds, which in turn has sent its lending rate spiralling up to about 14 percent in contrast to the industry average of 9.45 percent.

As of August, the bank's total deposits amounted to Tk 5,170 crore and loan portfolio Tk 4,854 crore. The bank's advance-deposit ratio has been above 85 percent for several months, which goes against central bank rule.

# Nonperforming loans on the rise

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But some are becoming defaulters for legitimate reasons, Ahmed said. "The private sector is yet to get relief from sluggishness as the export earnings did not increase as expected in recent months, while the inward remittance has registered only moderate growth."

Some businesspeople defaulted on loans in absence of a friendly business environment, he added. Banks should deal with the habitual defaulters strictly to recover the classified loans, said Md Arfan Ali, managing director of Bank Asia.



IDLC

Arif Khan, CEO of IDLC Finance, receives a highest taxpayer award in the banking and non banking category on behalf of the financial institute from Fazole Kabir, governor of Bangladesh Bank. Md Nojibur Rahman, chairman of the National Board of Revenue, was present.



SHAHJALAL ISLAMI BANK

M Shahidul Islam, additional managing director of Shahjalal Islami Bank, opens the bank's 108th branch, which includes an ATM booth, at Kalihati in Tangail on Monday.



AXIS

Salman Karim, additional managing director of Confidence Group, attends a press conference at a hotel in Dhaka on Saturday, to launch Axis, a construction solution provider and a subsidiary of the group.