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The following Act accepted by the Assembly has been approved by the President on 5 May 1998 [22 Baishakh 1405 (BS)] and hereby this Act has been published for information of the public:

Act No. 7 of 1998

Enacted for Establishment of Karmasangsthan Bank

As it is necessary to establish a Bank named Karmasangsthan Bank with a view to involving the unemployed, especially the unemployed youth in economic development activities by employing them;

the following law has been enacted:

1. Brief Title and Application.—(i) This Act shall be known as Karmasangsthan Bank Act, 1998.

(ii) This Act shall be put into effect from the date when the government shall determine it by a gazette notification.

2. Definition.—In this Act, if there is nothing contrary to its subject or context-

(a) "Financial Institute" means the Financial Institute defined as per Clause (b) of Section 2 of Financial Institute Act, 1993 (Act No. 27 of 1993);

(b) "Scheduled Bank" means the Scheduled Bank declared under Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972);

(c) 'Bank' means Karmasangsthan Bank;

(d) 'Board' means Board of Directors of the Bank;

(e) 'Bangladesh Bank' means Bangladesh Bank established under Order, 1972 (P.O. No. 127 of 1972);

(f) 'Chairman' means the Chairman of the Board;

(g) 'Director' means the Director of the Bank;

(h) 'Managing Director' means the Managing Director employed under Section 11;

(i) 'Rules' mean the Rules prepared under this Act;

(j) 'Regulations' means the Regulations prepared under this Act;

(k) 'Bank Company Act' means Bank Company Act, 1991 (Act No. 14 of 1991);

3. Priority of the Act.—This Act, and the provisions of the Rules, prepared under the Act, shall remain effective whatever Rules be apparently put into force under any other Act.

4. Establishment of Karmasangsthan Bank, and others.—(i) A bank named Karmasangsthan Bank shall be established as soon as possible after putting this Act into effect.
- (ii) The Bank shall be a statutory institute and shall have permanent continuation with a general seal of its own, and according to this Act and the provisions of the Rules, it shall have the right to achieve, possess and transfer the immovable and the movable property, and cases can be filed in its name or against it.
- (iii) In accordance with the rules of the Sub-section (4), Bank Company Act and the rules of any other Acts related to Bank Company apparently put into force shall not be applicable for the Bank.
- (iv) If the government issues an order by a gazette notification saying that the Bank Company Act or the rules of any other Acts related to Bank Company apparently put into force shall be applicable for the Bank, those rules shall be active for the Bank.
5. Head Office of the Bank, and the others.—(i) The head office of the Bank shall be in Dhaka.
- (ii) With the approval of Bangladesh Bank, the Bank can establish its regional offices, other offices and branches in the places determined by the Board.
6. Approved Capital.—(i) The approved capital of the Bank shall be taka three hundred cores.
- (ii) The approved capital shall be divided into three core general shares worth of one hundred taka each by a gazette notification.
- (iii) The government can, from time to time, increase the amount of the approved capital of the Bank.
7. Paid up Capital.—(i) The initial paid up capital of the Bank shall be one hundred crore taka, 75% of which shall be repaid by the Government of People's Republic of Bangladesh and 25% by nationalized commercial banks, scheduled banks, insurance companies and financial institutes.
- (ii) The capital fixed under Sub Sub-Section (i) can be discharged by selling shares of the Bank.
- (iii) If any part of the shares of the paid off capital remains unsold, the government can purchase it.
- (iv) The government can, from time to time, increase the amount of the paid up capital of the Bank by a gazette notification.
8. Management and Administration.—(i) Management and administration of the Bank shall be entrusted to the Board of Directors and the Board of Directors shall be entitled to the powers the Bank can exercise to execute its activities.
- (ii) The Bank, in question of any principle, shall follow the instructions set by the government, and if question arises as to whether anything is in principle, the decision of the government shall be final.

(iii) Until the first Board is formed under Section 9, the Managing Director shall exercise all powers and execute all activities.

9. Board.—(i) The Board of Directors of the Bank shall be formed of the following:

- (a) Chairman;
- (b) Four Directors nominated by the government;
- (c) An Executive Director nominated by the Governor of Bangladesh Bank;
- (d) Two Directors nominated by other shareholders, if any, except the government;
- (e) The Managing Director.

(ii) If the fixed capital for any nationalized Bank, scheduled Bank, Insurance company and any financial institute under Section 7 (i) is repaid by any such institute, the concerned institute can nominate one director on the condition of holding minimum 10% shares.

(iii) Any nominated Director shall be appointed for three years to his post from the date he/she takes over his/her responsibilities:

Provided that instead of completing his/her tenure, he/she shall continue his/her service as Director until the person reappointed in his/her position takes over his/her responsibilities.

(iv) Whatever is prescribed in Sub-section (3), the government can cancel at any time the nomination of any nominated Director.

10. Chairman.—(i) Chairman shall be appointed by the government.

(ii) If the post of Chairman falls vacant or if the Chairman is unable to discharge his duties for his absence or illness or any other reasons, any Director nominated by the government shall work as Chairman until the reappointed Chairman takes over his/her responsibilities or the Chairman is able to resume his/her work.

11. Managing Director.—(i) The Bank shall have a Managing Director.

(ii) The Managing Director shall be appointed by the government in consultation with Bangladesh Bank and the terms and conditions of his service shall be defined by the government.

(iii) The Managing Director shall be the Chief Executive of the Bank.

(iv) If the post of the Managing Director falls vacant or if the Managing Director is unable to discharge his duties due to his absence or illness or any other reasons, any official nominated by the government shall work as Managing Director until the reappointed Managing Director takes over his/her responsibilities.

12. Duties of Director.—Chairman, Managing Director and other Directors shall carry out and discharge their duties and responsibilities in accordance with the Regulations or the decisions taken by the Board.

13. Resignation.—Chairman, Managing Director and any nominated Director can tender his/her resignation duly signed by him/her to the government.

14. Meetings.—(i) All the meetings of the Board shall be called by the officer designated for the purpose by order of the Chairman of the Board, and the date, time and venue of the meeting shall be determined by the Chairman.
- (ii) The proceedings of the Board shall be controlled by the Rules of this Section.
- (iii) At least one-third members of the Board shall have to be present for the quorum of the Board, but for the postponed meeting no quorum shall be needed.
- (iv) Chairman shall preside at all the meetings of the Board, and in his absence, a Director amongst the Directors, chosen by them, except the Managing Director, shall preside at the meeting.
- (v) No proceeding or proceedings of the Board shall be illegal only for any vacancy in the post of Director or for any fault in forming the Board and no question can be raised about it.
- (vi) If there is any direct or indirect personal interest of a Director in any agenda of the meeting, he/she cannot participate in any discussion on the issue and cannot vote for it.
15. Committee.—The Board can form, if necessary, one or more committees for assisting it, and can determine the number of members of such committee and their responsibilities and activities.
16. Activities of the Bank.—The Bank can, with securities or without securities, in cash or in other kind, shall give loan for all sorts of financial transaction, particularly for self-employment of the unemployed youths and can do all or any of the followings as per the terms and conditions imposed by Bangladesh Bank from time to time:
- (a) Taking securities from statutory institutes, companies, borrowers of the Bank, and a person not selected for the purpose by the government;
 - (b) Taking loan with securities of property or anything else for running a business;
 - (c) Taking pledges, mortgage, hypothecation or assignment of immovable and moveable property as securities against Bank loans and advances;
 - (d) Buying shares from any statutory institute;
 - (e) Taking savings certificates, ownership deeds or any other things for safe deposit;
 - (f) Forming any kind of fund or trust, monitoring and maintaining them, and holding and distributing the shares of the fund or trust so formed;
 - (g) Advising the borrowers of the Bank for investment of loan;
 - (h) Investing the fund of the Bank in the sectors approved by the government;
 - (i) Establishing, managing, developing and running any institute or undertaking any project for training, welfare and development of the unemployed;
 - (j) Taking, collecting, sending and repaying the money and securities within the country;
 - (k) Achieving, managing and transferring immovable and movable property including the homestead for running a business;
 - (l) Advising the unemployed for investment;
 - (m) Encouraging the unemployed workforce for investment in processing agriculture goods and cottage industries;

- (n) Assisting the borrowers technically and administratively in managing and marketing;
- (o) Opening an account in any Bank or financial institute or signing an agreement with them or completing works as an agent of them.
- (p) Selling and managing all properties earned by the Bank;
- (q) Taking loans or grants from any donor agency or institute with the approval of the government for generating employment;
- (r) Taking steps for collecting information and conducting research and managing publication about employment, particularly self-employment in the country;
- (s) Doing those other works determined by a gazette notification of the government which the Bank can do;
- (t) Doing any other necessary and relevant works in compliance with the objectives of the Act.

17. Bonds and Debentures.—(i) The Bank, with the prior approval of the government, can issue and sell bonds and debentures, and the rate of interest determined by the government shall be the rate of aforesaid bonds and debentures.

(ii) Bonds and debentures issued and sold under the Sub-section (i) shall have guarantee from the government.

18. Accounting.—The Bank shall maintain properly its accounting and prepare an annual report of it with calculations of its income and expenditure and balance sheet in accordance with the instructions issued from time to time by Bangladesh Bank.

19. Auditing.—(i) Every year the accounting of the Bank shall be audited by two chartered accountants appointed by the Board as defined in the Article 2 (1) (b) of Chartered Accountants Order, 1973 (P.O No. 2 of 1973).

(ii) The auditors appointed under Sub-section (i) shall be provided with the annual balance sheet and other documents of accounts and they can examine all the records, documents, official and other properties of the Bank and can interrogate any director, officer and employee of the Bank for the purpose.

(iii) The auditors shall submit an audit report, prepared under this Section, to the government and in that report it shall have to be mentioned that it has contained such necessary details and it has been prepared in such a way the true and correct picture of the Bank is shown and they shall also mention whether the explanations and information supplied according to their query from the Bank were satisfactory or not.

(iv) Whether sufficient measures have been taken or not for the interest of the government and the depositors of money in the Bank shall have to be mentioned in the audit report.

(v) The government can issue orders to the Bank at any time asking for a report as to the availability of relevant rules for auditing the activities of the Bank and the government can at any time order the auditors to extend the particulars or to change the methods of auditing.

