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THE TRUST BANK LTD.



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Design & Concept : INSPIRATIONS



এক বছর পূর্তি উপলক্ষে ট্রাস্ট ব্যাংক লিমিটেডে প্রকাশ করছে জেনে আমি আনন্দিত। আমি ওয়েলফেয়ার ট্রাস্ট ফান্ডের উদ্যোগ ও অর্থায়নে প্রতিষ্ঠিত এ ব্যাংকটি বিভিন্ন প্রকল্প, বাণিজ্য ও ক্ষুদ্র ঋণ প্রদানের মাধ্যমে বাংলাদেশের অর্থনৈতিক কর্মকাণ্ডে ইতিবাচক ভূমিকা পালন করে চলেছে। আমি এই নতুন ব্যাংকের নিকট আশা করবো যে, তারা কৃষ্ণশেখর প্রভাবমুক্ত থাকবে।

আমি দৃঢ়ভাবে বিশ্বাস করি দেশের আর্থসামাজিক অবকাঠামোকে সুদৃঢ় করতে ট্রাস্ট ব্যাংক যথায় ভূমিকা পালনে সক্ষম হবে।

আমি ট্রাস্ট ব্যাংকের উত্তরোত্তর সাফল্য কামনা করি।

অর্থ মন্ত্রী
জয় বাংলা, জয় বঙ্গবন্ধু
বাংলাদেশ চিরজীবী হোক
(শাহ এ এম এস কিবরিয়া)
অর্থ মন্ত্রণালয়
গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

প্রধানমন্ত্রী
গণপ্রজাতন্ত্রী বাংলাদেশ সরকার



দি ট্রাস্ট ব্যাংক লিমিটেড-এর প্রথম বর্ষপূর্তি উপলক্ষে আমি ব্যাংকের সাথে সর্টিফাইড সনদকে অভিনন্দন জানাই। উদ্বোধনের সময় দেশের দাবিদায়ী জনগোষ্ঠীর উন্নয়নের দিকে দৃষ্টি দেয়ার জন্য আমি ব্যাংকের উদ্যোগের প্রতি আহবান জানিয়েছিলাম। এ আহবানে সাড়া দিয়ে ইতোমধ্যে প্রায় দশ হাজার নিম্ন আয়ের জনগোষ্ঠীর মাঝে উল্লেখযোগ্য অঙ্কের ক্ষুদ্র ঋণ বিতরণ করা হয়েছে জেনে আমি আনন্দিত। আশা করি ট্রাস্ট ব্যাংক ভবিষ্যতে দেশের শিল্প বাণিজ্য বিকাশ ও আয় বর্ধক কর্মসূচিতে বাস্তব অবদান রাখতে সক্ষম হবে।

আমি 'দি ট্রাস্ট ব্যাংক লিমিটেড'-র সার্বিক সাফল্য ও সমৃদ্ধি কামনা করি।



বাণী

জয় বাংলা, জয় বঙ্গবন্ধু
বাংলাদেশ চিরজীবী হোক
শেখ হাসিনা



বাণী

আজ ট্রাস্ট ব্যাংকের প্রথম বর্ষপূর্তি দিন-আমাদের সবার জন্যে অত্যন্ত গর্বের দিন। মাননীয় প্রধানমন্ত্রী শেখ হাসিনার একমুহুর্তা ও একান্ত আন্তরিকতার ফলে ট্রাস্ট ব্যাংক প্রতিষ্ঠা সফল হয়েছিল ২৯ নভেম্বর ১৯৯৯ সালে। ব্যাংকের প্রথম প্রতিষ্ঠা বার্ষিকীতে আমি তাঁকে আমার কৃতজ্ঞতা ও বিনীত ধন্যবাদ জানাই।

ট্রাস্ট ব্যাংক শুধুমাত্র আর্থিক মুনাফার জন্যই প্রতিষ্ঠিত হয়নি। টাকার অর্থে অর্জিত মুনাফার পাশাপাশি সামাজিক উন্নয়ন এর অন্যতম লক্ষ্য। যুগপৎভাবে অর্জিত মুনাফা সামাজিক উন্নয়নে পুনর্নিয়োগ করে সামাজিক মুনাফা দৃশ্যমান করা এবং অর্থনৈতিক প্রবৃদ্ধিতে অবদান রাখাও এই ব্যাংকের বিশেষ এবং অন্যতম অঙ্গীকার্যক্রম। এই উদ্দেশ্য সমূহ গণ্য করে ট্রাস্ট ব্যাংক ইতোমধ্যেই প্রায় দশ হাজার ঋণ আয়ের ব্যক্তিগত মাঝে ক্ষুদ্র ঋণ বিতরণ করেছে, ফলে সরাসরি প্রায় পঞ্চাশ হাজার জনগণের জীবন যাপনের মান উন্নয়নের সন্ধান বৃদ্ধি পেয়েছে।

পৃথিবীর বিভিন্ন দেশে অশান্ত পরিবেশে শান্তি প্রতিষ্ঠায় নিয়োজিত বাংলাদেশের সৈনিকবৃন্দের কর্তৃত্বিত অর্থ নির্বিস্তৃত পরিবার পরিজনদের নিকট শ্রেণ্যের জন্য অর্থ উদ্বোধনে ট্রাস্ট ব্যাংক বিদেশী ব্যাংকের সঙ্গে প্রতিদ্বন্দ্বিতামূলক প্রতিষ্ঠানিক সম্পর্ক স্থাপন করার প্রয়াস গ্রহণ করেছে। এই প্রচেষ্টা সফল হলে দুর্গম এবং বিপদস্থ দেশে নিয়োজিত হতে আমাদের সৈনিকদের মধ্যে আগ্রহ সৃষ্টি হবে এবং সহজতর পরিস্থিতিতে উপার্জিত অর্থ স্বজনদের কাছে পাঠাতে পারবে। সৈনিকদের অর্জিত আয়ের দেশের বৈদেশিক মুদ্রা আয় বৃদ্ধি পাবে।

ট্রাস্ট ব্যাংকের সকল কার্যক্রম সার্বিক উন্নয়নে নিয়োজিত হোক, প্রথম প্রতিষ্ঠা বার্ষিকীতে এই কামনা করি।

মহান আল্লাহ আমাদের সহায় হোন। আমিন।।

মুহাম্মদ মুতাফিজুর রহমান, বীর বীক্রম
লেকচারার জেনারেল

SUSTAINABLE ECONOMIC DEVELOPMENT — A REFLECTION

Maj Gen Ahsan N Amin, ncd, psc
Vice Chairman, The Trust Bank

We, in Bangladesh, are striving hard to come out of the vicious circle of poverty, hunger, unemployment, illiteracy and disease. The answer to all these problems is economic growth i.e. sustainable growth. What we need is clear strategy, optimum utilization of resources, exploitation of unexploited potential resources according to a plan in keeping with national interest and their proper sector-wise allocation.

Since independence to date if proper study is made on the economic scenario, it will be revealed that those who are rated as people below poverty line utterly fail to ameliorate their condition because policies and programmes were lacking to support them for preservation of whatever progress they achieved in earnings, employment and asset acquisition in good time. Because of the fact that sustainable progress creates a state of condition which ensures elevation of economic health in adversity. The hard-core poor are seen making some progress towards betterment of their standard of living and whatever ray of hope they visualize are dashed or demolished by the adverse happenings like flood, cyclone, tidal surge, bad harvest etc. It may be stated comfortably that half of the present population of 130 million people suffer from pangs of poverty or abject poverty.

A study report on the poverty scenario of Bangladesh reveals that the incidence of poverty has declined marginally while absolute poverty level continues to rise. It is an admitted fact that real economic development of the country is gradually becoming more difficult to attain with more and more people sliding into poverty line.

The term sustainable progress or growth is not a new concept or idea. It is rather widely advocated but made no sufficient dent in poverty scenario. There is a broad agreement that people are the centre of development and we need to achieve significant reduction in poverty. It is required to raise GDP growth to above 6% with stress on action that upgrades the productivity and maximizes the welfare of the poor. Over the years the objective of economic growth and development has shifted from an almost exclusive reliance on the public sector to the private sector which has ultimately been recognized as an engine for growth. It is a shared opinion that country's long term economic prospect is substantially dependent on increasing domestic and foreign investment in industrial and service sectors. Private sector's development will be promoted by reforming the legal framework, continued trade liberalization and strengthening of financial intermediation. The role of financial sector for economic emancipation cannot be overemphasized.

So, financial reform should be carried out to attain the objective of an efficient banking sector which can eventually accentuate the expansion of investment and mobilize domestic savings by assuring depositors safe and good return on their hard earned income. Acceleration of privatization should begin by speeding up the implementation of the privatization programme by way of disinvestment. Regrettably, when in the early 90's the economy was opened to competition it was found that some 1500 industrial units turned out sick. If we look back to 70s then the World Bank bilateral donors, nurtured the belief that for the poor and developing countries public sector acts as the catalyst for growth and alleviation of poverty. So, initially financial assistance to expedite industrialization process was channeled through DFIs called the PSB and directly to the state owned enterprises in the Textile, Jute and Fertilizer sector and to the Small and Cottage industries through nationalized commercial banks. Since the funds were deployed without proper appraisal but nearly in a targeted manner and so the money released could not even be collected back.

Poverty alleviation through micro-credit to the poor are a quick and effective way of reaching assistance to the poor by way of involving them in income generating activities. To this effect Grameen Bank, BRAC have created very successful instances, likewise other NGOs are successfully working on micro-credit. Micro-credit although provides instant relief to the targeted people by way of creating income generating activities but to make its aftermath effect sustainable it is required to reduce the dependence on donations and aids as well as needs remoulding of programmes for ensuring betterment of the condition of the targeted people so that they become self-reliant.

It is also true that spill-over effect of general economic growth and development take much longer time and in between the times level of poverty gets accentuated. For sustainable economic development we need private-sector-led economic growth with robust investment in the trust sectors. A vibrant pro-active private sector will be the prime mover of the economy since it will come up with venture capital in the unexplored areas thus will ensure better utilization of the potentials in the non-traditional sectors. For the private sector-led growth the role of the government will be that of the facilitator and in this capacity it will create a conducive pro-investment climate. The term foreign direct investment is a catch concept and it is indeed an effective mechanism for technology transfer.

The 21st Century heralding the new millennium has dawned on us with so many ifs and buts, in other words with both prospects as well as challenges, and as a nation we have to face challenges unitedly by creating conducive and proactive environment paving the way for flourishing of individual's potentials, entrepreneurial energy and thus infuse dynamism in the economy.

THE TRUST BANK LIMITED—ITS GENESIS.

Brig Gen Ismat Ahmed Chowdhury, BIR PROTIG

The Trust Bank Ltd has emerged as a new star in the galaxy of the country's banking system. This bank is realisation of a long cherished dream which was conceived way back in 1987 and materialised on November 29, 1999 and declared its presence in the midst of 48 Banks with more than 6000 branches. The sector consists of several kinds of banks from the points of view of function, ownership and origin. Beginning with about twelve hundred branches all in the nationalised sector at the dawn of our long cherished independence in 1972. The banking sector in Bangladesh has in the past three decades of her eventual existence undergone impressive growth, both quantitatively and qualitatively. Today almost all the commercial, trading and industrial locations of the country including upazillas and villages are covered by banking network.

The story of the birth of Trust Bank is exciting, thrilling and dramatic. It took about a decade and a quarter years' relentless perseverance and dedication to lit the light of this star—The Trust Bank. The primary purpose was to augment the welfare of disabled and distressed families of the martyrs of our Great War of Independence to accelerate rehabilitation projects of the defence personnel and to support retired personnel who still have the ability to work, for undertaking commercial ventures and also to commence usual commercial business. In the beginning the idea for the bank was based on allocating majority of the shares to the Army. The conception of the original bank gradually developed and went beyond different dimensions from time to time, until a time when the whole perception was clear and took a shape. The share capital distribution now turned to other sector also, that is the public.

But the road to the eventual launching of the bank was neither easy nor straight. The journey through ups and downs with the commitment, tenacity, hard work and at times persistent persuasion by the organisers actually made it possible to cross the road to reach the threshold of success. Since 1987 it took almost three years before the bank received permission in November, 1990 from the Bangladesh Bank through the issuance of the letter of intent but under a different title at that time, as National Trust Bank Ltd. The Capital Structure featuring an authorised capital of Tk. 20.00 crore and paid up capital of Tk. 10.00 crore.

But as time went by and at the face of changing socio-economic circumstances in the country, the letter of intent for bank was cancelled on a different consideration by Bangladesh Bank in October, 1991. The cancellation of the hard-earned permission had demoralised the persuasion and brought a long period of silence until December 1994, when some of the activities resumed. The stem efforts and persuasion of the organisers of the bank now led the Bangladesh Bank to be convinced again of the necessity of the proposed bank and took up the matter all over again. Bangladesh Bank at the time decided to issue a fresh letter of intent under the changed name The Trust Bank Limited having Authorised Capital of Tk. 40.00 crore and Paid Capital of Tk. 20.00 crore, adding a condition of 24 percent foreign equity.

At this point efforts were made through our Embassies and High Commissions to attract foreign partners. Arab Malaysia Merchant Bank (AMMB) Berhad responded to the invitation late in 1996 and expressed their interest to participate in the proposed bank. But after detailed deliberation from both sides and exchanges of delegations, the AMMB came up with a new proposal, asking for a 51 percent share by passing the original 24 percent as offered and also suggesting a new name, Bangladesh Malaysia Trust Bank Limited. The bank went through another structural change at this stage.

The whole matter was now taken up with the Ministry of Finance and Bangladesh Bank. Permission was subsequently granted for establishment of a joint venture bank called Bangladesh Malaysia Trust Bank Limited, in April 1998.

The Capital Structure this time was different having Authorised Structure at Tk. 80.00 crore and Paid up Capital at Tk. 20.00 crore with a share of AMMB 51 percent and Army Welfare Trust (AWT) 49 percent. A Memorandum of Understanding (MOU) was signed by the AWT from Bangladesh for the joint venture in June, 1998 and awaiting signature of the MOU by the AMMB. Contrarily at this point of time Asia Pacific countries went under severe economic recession. Malaysia remained no exception. The result was another set back for the ensuing bank. Meanwhile the time frame for establishing the Bank that was due by the December 30, 1998 was also running out.

The whole situation turned very heavy making the establishment of the bank even more uncertain. Right at this critical juncture Lt Gen Muhammad Mustafizur Rahman, Bir Bikram, ncd, psc, C, the Chief of Army Staff, who is also the Chairman of the Bank, came to the rescue and with a firm vow decided to set up the proposed bank with AWT fund alone. He had broken the impasse by announcing, 'if no one comes we will go alone at our own.' This clarion announcement of Gen Mustafizur shall remain engraved in golden letters in the annals of the Trust Bank. The proposed capital structure elaborates Authorised Capital at Tk. 100.00 crore and Paid up Capital at Tk. 50.00 crore out of which 25.00 crore to be paid by the sponsors i.e. AWT Fund and the balance amount of Tk. 25.00 crore to be raised through Public Issue of shares. Under this situation a new banking company was formed overcoming all obstacles and renaming the bank as, THE TRUST BANK LIMITED. A milestone in the history of banking in Bangladesh was thus laid by the valiant Freedom Fighter, Lt Gen Muhammad Mustafizur Rahman, BIR BIKRAM.

AGRICULTURE AND AGRO BUSINESS IN BANGLADESH

MD.HELAL UDDIN,
MANAGING DIRECTOR, THE TRUST BANK LTD.

Food and fibre are the basic human needs; and both the needs are agriculture based. Generally agriculture implies as farming and ranching. We conjure thoughts of some one ploughing a field, planting seeds, harvesting a crop, milking cows or feeding live stock as agricultural activities. But today agriculture translates into even a vast and complex system that reaches far beyond the farming to include all those that are involved in bringing food and fibre to consumers. So many intermediaries are involved in bringing food and fibre to consumers from the producers. The whole range of the system beginning from production to final marketing have come to be known as agribusiness.

Agribusiness on the other hand includes not only those that farm the land but also the people and firms that provide the inputs (like seed, chemicals, credit) process the outputs (like milk, grain, meat), manufacture the food products (like bread, fast food items, ice cream) and transport and sell the food products to consumers (shops, markets, restaurants etc).

It is a revealing fact that agriculture plays a vital role even in an industrial economy like USA. Agriculture and agribusiness form the largest part of US economy. Besides providing food and fibre essentials to wellbeing, agribusiness generates approximately 17 per cent of the US Gross Domestic Product and provides employment for approximately 18 percent of total work force.

If we look at Bangladesh economy, we find agriculture stands at the top of the list to contribute to the GDP of the country and also in terms of providing employment. It will be seen that agriculture contributed Tk. 44,356.00 crores against a total GNP of Tk. 1,62,351.60 crores (at current prices in 97-98). That means about 28 per cent of GNP are attributable to agriculture. Note to mention that more than 80 per cent of the employment of the country is in agriculture. There is hardly any scope to overemphasise the role played by agriculture in Bangladesh economy. It is interestingly true that in a particular year crop production falls, the rate of growth in GDP falls and vice versa.

So, a time has come to realise the importance of agriculture and take all possible measures to boost up this sector which is providing us food and fibre including golden fibre, the Jute, which gives us hard currency in the form of exports and also adds to the national exchequer in other words GNP is enhanced.

Since we are pursuing a policy of market economy, every sector of the economy should be let to develop through market process. But in a developing country like ours the role of government assistance in respective fields can not be ruled out altogether. Even developed country like France is protecting the production of sunflower seeds and there is also embargo on import of British beef by European countries.

GROWING FOOD PRODUCTION

Despite the economic handicap and other drawbacks, the food production in Bangladesh has increased in an unprecedented manner. The quantum of food production was less than 1.00 Crore Metric Tons in 1971-72 and the production stood at 249 Lac Metric Tons in 1999-2000. The production has increased by about 250% as compared to 1972. Introduction of mechanised cultivation, irrigation, application of HYV (High Yield Variety) seeds and use of chemicals and fertilizers have been responsible for this phenomenal growth. This has been termed as green revolution of Bangladesh.

Previously the farmers were dependent on the vagaries of nature; either flood used to wash away the entire crop or drought destroying it. Availability of great volume of credit to farmers has to a large extent changed the situation. The role of nationalized commercial banks, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Samabank and Grameen Bank for providing credit to the farmers can hardly be over estimated.

Although food production has increased, simultaneously the requirement for food has also increased at a faster rate due to increase in population. The population of the country stood at 126.65 crores in 97-98 as against of 7.5 crores in 71-72 i.e. at the time of liberation of the country. Every year there was a gap of 15 to 30 Lac Metric Tons of food grains in the country and we made up the shortfall by importing food grains. This entailed heavily on the foreign exchange of the country.

This is no mean achievement that the country could achieve food autarky by overcoming the persistent deficiency within the last few years. But in order to maintain the position and match the growth of population the following things must be ensured-

STABILITY OF PRICE : The farmers must get a price that can yield some marginal benefit to them. In some years it has been experienced that if price of crop falls below the cost of production the farmers loose interest in farming and cultivation. Beside the farmers divert their land for production of jute for next season if the price of jute in a particular year rises leaving less land for production of food grains. From lime immemorial the farmers have been subjected to this type of decision making and falling victims of Cob Web theorem as called by economists. Stable price for food grains is to some extent influenced by Govt. measures of procurement at an attractive price at the time of harvesting period and release of stock in O.M.S, when price of food grains rises abnormally.

STORAGE FACILITY : At private levels, warehouse facilities need to be developed in an institutional manner. If warehouse receipts are treated as instruments for raising credit, the farmers can get fair price for their products by withholding sale of their crop during harvesting period.

TRANSPORT: Transport plays a vital role in agri-marketing and in ensuring fair price to the growers. The opening of Bangsha Bandhu Multipurpose Bridge over the river Jamuna in June, 1998 has opened a new vista of communication for the people of the northern districts to ensure fair price for the growers.

CREDIT : Credit plays the important role in an agrarian economy where the farmers are poor and have no surplus fund for irrigation, mechanical cultivation, fertilizer, chemicals and labour etc.

In the past a very small amount of 'Takkavi' loan was given by the Govt, which did not create any impact on the growth of agriculture or changing the fortune of the farmers. The institutional loans were available to the farmers in mass scales only after the liberation of the country through the nationalized commercial banks, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Grameen Bank and Bangladesh Samobay Bank Ltd. Even with the development in institutional credits the gap between requirement and actual disbursement still persists. During 97-98 only Tk.-1,672.43 crop loans were disbursed. The total agri-loan requirement has been estimated at Tk. 3,331.00 crores for the year 99-2000.

It is not possible for these Banks only to meet the growing need for credit unless other private banks participate as well.

Neither the old private banks nor the emerging new private banks have their branch network at Upazilla or Union levels. They are also not interested in involving their fund in this sector. They have their branch network in towns and cities and they employ credit mostly for trading, export and import purposes.

It is imperative that the private banks including the foreign banks operating in Bangladesh should participate in financing the agricultural sector of the country to build a strong base for the economy. Since they have no branches in the rural areas, they can open credit windows for financing agriculture. Through these windows every commercial bank should ear-mark and deploy some percentage of their investible fund for agriculture and they should place this fund with Bangladesh Krishi Bank or Rajshahi Krishi Unnayan Bank on mutually agreed interest rates and schedule of repayment. As a result of such participation, the credit requirement of agricultural sector could be satisfied to a great extent and source of non-institutional and Mahajoni Loans could be averted.

It is felt that all commercial banks should come forward to extend credit to farmers. Agri-business and agro-based enterprises which can only make the economy stronger and place it on solid foundation for a consequent transition to an industrial economy.