

# Pubali offers to bankroll infrastructure projects

REJAUL KARIM BYRON

**P**UBALI Bank Ltd, a leading commercial bank in the country, stands ready to offer financing for the construction of the second Padma Bridge under public private partnership (PPP), said its top official.

"The bank will actively consider any offer for the construction of the second Padma Bridge under PPP. However, we alone cannot finance the project," said Helal Ahmed Chowdhury, managing director of the private bank.

"It can be financed through a syndication loan in cooperation with other banks. The infrastructure deficiency in the country cannot be overcome without PPP and foreign direct investment," he said.

In an interview with The Daily Star recently, the career banker discussed various banking issues, including the profit situation in the banking sector, investment in stocks by the banks and financing PPP projects like the Padma Bridge.

In 1977, Chowdhury joined Pubali Bank, then in the public sector, through the competitive Bangladesh Civil Service examinations.

He served the bank in different positions, including additional managing director, deputy managing director, general manager of different divisions, and heads of different corporate branches.

Starting out as a probationary senior officer, Chowdhury has climbed the ladder to become the chief executive of the bank. He has received the Pubali Bank Ltd Gold Medal for his outstanding performance.

Many quarters claim that the country's banks have been facing a serious liquidity crisis. However, the Pubali Bank managing director said there is a pressure on liquidity, but no crisis.

He said treasury management by banks is responsible for pressures on liquidity but there is no crisis in general.

He said if the treasury management could be done properly, many banks would face no liquidity pressures. A bank should expand its business on the basis of its abil-



Helal Ahmed Chowdhury

ity, he added.

Chowdhury said in many cases, banks open too many letters of credit (L/C) without proper planning. When it is time to make payments, they find that they do not have adequate funds and go for borrowing from the market. "It creates instability in the market."

Pubali Bank plans to purchase shares from the stockmarket through their brokerage house but will evaluate the financial soundness of the company before they invest, said the managing director.

On investment in the stockmarket, Chowdhury said the bank's board of directors decided that they would actively participate to bring stability in the market.

He said they were alert in the past and will remain so in the future. They will take into consideration the fundamentals of a company before buying their shares within the regulatory framework and permissible limits fixed by the central bank so that the depositors' money remains safe.

If other financial institutions and individuals buy shares after evaluating the com-

pany's financial position, they will not face any losses, he said. The banker said all banks should invest in the stockmarket in line with the rules and regulations.

The Association of Banks, Bangladesh (ABB) also decided that the banks will invest in the stockmarket, which will increase investors' trust, Chowdhury hoped.

He said even though some banks violated rules, creating volatility in the market, most banks went by the rules in making investments in the market. "If anybody participates in the share market by following the rules and regulations, there is nothing wrong in it."

Chowdhury said although banks' profits from the share market fell this year, their profit from core banking operations would balance the situation.

He said overall business activities including export and import increased significantly this year. As a result the earnings of the banks have gone up, he said.

The Pubali Bank chief hoped that his bank is likely to reap satisfactory profits

this year.

Pubali Bank was the only bank run by the then East Pakistan before Bangladesh won its independence in 1971. After liberation, it started functioning as a state-owned bank.

In 1985, the bank was handed over to the private sector. At the time, the central bank had then identified Pubali as a problem bank. But now, the bank has changed its image and its default loans have come down to about two percent.

It won The Daily Star-DHL Business Award in 2010 for its performance.

Chowdhury said the bank was limping at a time with bad loans and the default loans had reached 42 percent. With intensive supervision by the central bank coupled with the professionalism by the bank's board and management, it has now become one of the top banks in Bangladesh.

Upon moving to the private sector, the cultural environment of the bank and people's mindset had to be changed. There had to be a balance between the old and new employees. The bank's employees were given the highest facilities possible to make a smooth transition, he said.

The highest priority was given to loan recovery within specific plans, Chowdhury said.

He said they have appointed private agents to recover loans. The government sector dues to the bank were also realised through negotiations. The bank has monitored loan disbursement and realisation round the clock by forming a team.

A banker can work as an adviser to a borrower so that he can make optimal use of a credit facility and contribute to the national economy, Chowdhury said.

On the present loan situation, he said defaults dropped substantially in the last two decades thanks to initiatives taken by the central bank and reforms in the banking sector.

The central bank issued a circular on loan classifications, which gradually restored credit discipline in the banking sector, he said.

The father of two said forming the Credit Information Bureau (CIB) by the central

bank worked as a milestone in bringing down default loans.

Thanks to CIB, the banks can now obtain detailed information on a borrower, including his default loan status, before giving any credit to him.

The 'Artha Rin Adalat' has also played a positive role in reducing default loans, he said.

Chowdhury said if a bank's internal control system is strong, there will be no reason for its default loans to rise.

Pubali Bank has made a foray into the private sector with a large workforce and a culture of trade unions.

Despite huge establishment costs, the bank makes handsome profits every year. In the last five years, both deposits and advances of the bank have grown at 20 percent on average.

This has been possible by earning the trust of the clients and improving services, such as automation and developing software using its own team.

A team led by the bank's General Manager Mohammad Ali has built the bank's IT system, which has reduced its reliance on foreign experts, saving a huge amount of foreign currency.

Of 410 branches of Pubali Bank, 252 are now online. The bank will bring all the branches under its online service by 2012. At the same time, it will also set up 200 automated teller machines.

Chowdhury also said Pubali is financing health and power sector projects. A number of big hospitals have been built in the health sector with its support.

On remittance, he said the bank has introduced a new scheme to send Bangladeshis abroad for jobs. It provides Tk 2.5 lakh to each job-seeker as a "Probashi Kalyan" loan at low interest.

To get the loan, two local guarantors and valid travel documents are enough. No one has to mortgage or sell property to receive the loan, he said.

Chowdhury said the bank's officials will verify the loan-seekers' documents and there will be no possibility of anybody being cheated after going abroad.

# Garment buyers are upbeat on Bangladesh

## Curtain comes down on the country's largest garment exposition

REFAYET ULLAH MIRDHA and MD FAZLUR RAHMAN

**I**NTERNATIONAL buyers look to long-term apparel business ties in Bangladesh as the country has the potential to supply quality apparel items. Garment exports from Bangladesh may not be deeply hurt by a debt crisis in the European Union, as the country has strong competitiveness, buyers said.

As other competing countries like China, Vietnam, India and Pakistan are facing higher costs of production, Bangladesh is becoming more popular with the buyers for affordable prices of garment items.

The Daily Star caught up with some buyers at the BATEXPO 2011 that ended yesterday at Bangabandhu International Conference Centre.

"The export of garments from Bangladesh will remain unhurt for the next 15-20 years as the country has potential," said Nihal Mudalige, a manager of Mondial Orient Ltd.

Mondial is a sister concern of German-based C&A Company, which has more than 1,500 retail outlets across Europe. "Mondial purchases garments worth \$700 million a year from Bangladesh," he said.

This year, the company has also increased its purchases to 20 percent, he said adding every year his company increases the volume of the orders from Bangladesh by at least 10 percent.

He mainly purchases jeans, shorts, children's wear, woven and knitwear products.

He said his company buys garment items from 125 garment factories in Bangladesh.

"We are here mainly for the lower prices of garment items as the prices of apparel items in other countries have already gone up following the higher costs of production."

He said China is suffering from a shortage of workers and higher costs of production.

Moreover, the current generation in China is no longer interested in the garment businesses.

The new generation is much more interested in doing jobs sitting in air-conditioned rooms, he said.

Rajan Kohli, country manager of US based Roochi Traders Inc having operations in Bangladesh, said exploiting the country's potential in RMG mainly depends on the mobility of goods from Dhaka to the ports for shipment.

Moreover, export growth also depends on an adequate supply of gas and power to the industrial units, he said.

The company's brand name is 'Cotton Heritage' for exclusive buyers in the US, he said. He said he purchases nearly five lakh garment items, mainly T-shirts, a month.



Visitors check out clothes on display at a stall at the country's largest garment show, BATEXPO, at Bangabandhu International Conference Centre in Dhaka.

"The country's exports will increase with improvements in the recession in the US," he said.

Chuck Koussan, of United Line Trading Ltd, now sources garments products from China.

He said they are planning to set up a buying house in Bangladesh.

"Then we will consider whether we will set up any manufacturing unit in Bangladesh or not, as we are seriously thinking about shifting our factory from China. Bangladesh can be a good source for us."

"We met a number of people here and discussed our business potential. We have found that Bangladesh is more competitive than China due to cheaper labour, utilities and land."

The American said production costs in China are increasing in China due to higher labour costs. "We will definitely set up a manufacturing plant in Bangladesh if we find a difference in production costs."

Koussan's company sells products in the Middle East, the US, EU and North Africa. Its annual turnover averages between \$30 and \$50 million, with annual growth rate at about 15 percent.

Svend Olling, Danish ambassador to Bangladesh, said the country's export growth, which is centered round the garments industry, is the primary driver of Bangladesh's economy. "It will go a long way in future."

At a seminar on the sidelines of the three-day fair yesterday, he said: "We only look at employment and the earnings part of the sector. It is also a platform for women's empowerment in Bangladesh. That is only one of many achievements of the garments industry."

"Secondly, service infrastructure is being built in Bangladesh. Thirdly and more importantly, the industry is helping change the image of Bangladesh at international arenas."

Olling said many businessmen, who never considered Bangladesh a sourcing country, are now thinking about it after China and India.

"The business community is communicating with the international community; Bangladesh is open for business, where they can invest for the benefit of Bangladesh and investors."

"When any business delegation comes from Denmark, I want to know their perception about Bangla-

des. They talk about floods and a political crisis. But they say they had different ideas about Bangladesh."

Olling said the country's entrepreneurs and workers are bringing about the change. "They say there is a people factor. They say the people are hard-working, resilient, innovative and patient. That is the most selling point of Bangladesh. In the garments sector, they are professional and understand the needs of the buyers. This is the real potential for the future of Bangladesh."

Organisers say they have received expected responses from the foreign buyers. Already a number of new buyers from Bangladesh's traditional export destinations, such as America, Canada, and EU, and new markets such as the Middle East, China, Malaysia, Japan, Russia, Hong Kong and Argentina have enquired about factories and the business potential here.

They have also registered with the BGMEA Registration Desk on the fair premises, said Feroz Alam, an official of the country's top apparel exporters' association.

Bangladesh Garment Manufacturers and Exporters Association has organised the fair where local and foreign companies showcased their products and services in 146 stalls.

## THANK YOU

On receiving the National Export Trophy (Bronze) in Jute Sector for the Year 2009-2010



Najmul Huq, Managing Director, Janata Jute Mills Limited receiving the National Export Trophy (Bronze) from the Honorable Prime Minister of People's Republic of Bangladesh, Sheikh Hasina on November 30, 2011.

We would like to thank all our Employees, Workers, Suppliers, Bankers, Insurers and most importantly, our valued Buyers, without whose support and patronage this achievement would not have been possible