

Dr. Farash proposes to turn Rupali a bank for NRBs

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FE Report

Banks should develop products for Bangladeshi migrant workers in line with their demands for both pre and post-migration periods to help them contribute more to the country's economy, speakers at seminar said Friday.

They were speaking at a seminar on 'Providing Bank loans, Saving Plans and Policies to Bangladeshi Workers Abroad' at Dhaka Sheraton Hotel in the capital on the second day of the ongoing 'First NRB Manpower Development and

Opportunities Conference 2009'.

Scholars Bangladesh and Human Capital Development Limited jointly organised the three-day conference.

Former Bangladesh Bank Governor Dr Mohammed Farashuddin said non-resident Bangladeshi (NRBs) account for 14 per cent of the gross domestic product (GDP) despite representing a mere 3 per cent of total population.

"But they face problems when they go abroad."

"Time has come to acknowledge their contribution to the country and change

our mindset towards them."

The former governor said Bangladesh has to give priority on vocational training before sending workers abroad.

"Besides, we have to diversify our manpower destination. We have to turn their remittances into capital."

Dr Farashuddin proposed to turn the Rupali Bank into a specialised bank for NRBs as setting up a new bank is not an easy task.

"The government can sell 80 per cent share of Rupali Bank among NRBs. This bank will provide loans to the potential workers."

"Steps should be taken so that NRBs can invest in infrastructures like the proposed Padma Bridge or setting up plants for solar energy."

Speaking as chief guest, lawmaker AHM Mostafa Kamal, also the chairman of the parliamentary standing committee on finance ministry, branded the NRBs as the pride of the country.

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"We don't need to open any letter of credit to receive billion dollars remittance. But still manpower sector is most neglected."

"It is very unfortunate for the nation. But we still have good prospect in this neglected sector."

He said: "Most of the migrant workers go abroad after selling their belongings. But when they return they can't afford to repurchase them."

"The Prime Minister is aware of it. So the proposal of setting up a separate bank for NRBs has been placed, which will develop products exclusively for them."

Professor MM Akash of Dhaka University said the migrant workers go through problems in two stages- once during pre-migration period and the other during post-migration period.

"Lack of money is the biggest problem during the pre-migration period. The would-be migrant workers do not have access to bank credit so they take loan from informal channels at higher interest or collect migration cost after selling belongings or lands"

"They can easily go abroad if they have access to credit. But banks are not looking at the pre-migrant issues."

"The government can come

forward in this regard. The can help process the visa and arrange training to develop skills. The authority has to find out which skills have demand in global manpower market."

"Then there will be competition between private sector and public sector which will reduce the cost of migration."

He also suggested setting up a cooperative bank exclusively for NRBs.

The economist said people still send money through informal channels because of lower transaction cost compared to those of formal channels.

"Hundi can't be stopped without specialised services or through existing banking services."

Lawmaker and chairman of Pubali Bank Limited Hafiz Ahmed Mazumder said the migrant workers can not manage money easily when they go abroad. "But easy loan can solve their problem."

Managing director of Eastern Bank Limited Ali Reza Iftekhar admitted: "We are not as active for the cause of NRBs as we are for other sectors."

Prof Dr Moinotaz Uddin Ahmed, acting managing director of SME Foundation, said the products of the banks for NRBs are still not poor-oriented although most of them are from rural areas.

Dr Taulique Ahmed Chowdhury, director of CPGS, in his keynote presentation said that the migrant workers are excluded from the financial system of the country.

"We have to add them to formal financial system and payment service network from informal channels. The policymakers, financial institutions, Bangladesh Bank and commercial banks have to play a role here."

Dr Chowdhury said the financial sector has to provide loan on easy conditions. "In this case, their remittance has to be considered as collateral," he added

Another keynote speaker Syeda Farzana Morshed, chief executive officer of CDCS, said: "Most of the incomes of the migrant workers are spent to repay the loans they make before their departure."

"So nothing remains left for them to invest when they come back. It is the responsibility of the nation to ensure that their incomes are best utilised."

SM Aminur Rahman, managing director of Janata Bank Limited, Head of marketing of Citibank NA Sazedul Islam, Trust Bank Limited Managing Director Iqbal U Ahmed Prof Dr Bandana Saha, director of BIBM and Premier Bank Limited Director Kazi Abdul Mazid were also present on the occasion.

