

## Collateral for future loans India moves 25 tonnes of gold to London

NEW DELHI, July 8: India flew 25 tonnes of gold from its official reserves to London as collateral for future loans if needed to maintain payments of its huge foreign debt, central bank governor S Venkatarayanan said today, reports Reuters.

He told a news conference in Bombay that the gold was sent for deposit with the Bank of England on Sunday, Indian news agencies reported.

Venkatarayanan said India would borrow against the gold if necessary to keep up its fight to avoid defaulting on foreign debts which bankers estimate at 71 billion dollars.

India is struggling with its worst economic crisis and foreign exchange reserves are down to only a few weeks of imports.

International monetary sources in Washington said last week the central banks of Britain and Japan were trying to put together a bridging loan of up to 450 million dollars for India.

Delhi has not commented officially on the possibility of such a loan to tide India over until talks with the International Monetary Fund (IMF) are completed on a loan of between five and seven billion dollars.

Finance Minister Manmohan Singh told Reuters last week that major central banks had promised help to India if needed. The IMF money is expected to be available in September.

Venkatarayanan said the gold was sent to London under laws allowing the Reserve Bank of India, the central bank, to keep up to 15 per cent of its gold reserves abroad.

In June, India did a "gold swap" of 20 tonnes of gold confiscated from smugglers for about 200 million dollars to keep up loan payments. It can get the gold back by repaying the money with a small amount of interest.

The idea was to boost confidence in India, which has

never defaulted on a foreign loan.

Commercial loans have been almost impossible for India to obtain over the past few months as its credit rating has slumped.

## Indo-Pak railway pact extended

NEW DELHI, July 8: India and Pakistan have signed a three-year extension of a bilateral railway passenger and freight traffic pact, the Indian government announced today, reports AFP.

The agreement was signed here Sunday, two days after the two countries became embroiled in a row over Pakistan's suspension of transit facilities to Indian air passengers in Pakistan.

The renewal of the railway accord followed the expiry of the old pact on June 30. It was signed by the chairman of the Indian Railway Board, R. D. Kitson, and his Pakistani counterpart, S. R. Poonegar.

Daily services between Amritsar, India and Lahore, Pakistan, via the border towns of Atari and Wagha are to be continued under the pact.

Despite tense relations between the two countries, passenger trains run daily across the troubled border and some 100 to 200 freight wagons play the route monthly, carrying mostly soyabean and other food products from India and scrap metal and rock salt from the Pakistan side.

On Friday, India had threatened to retaliate against Islamabad's decision to confine Indian transit passengers to Pakistani airports, rather than allowing them to stay overnight in hotels.

The Pakistan side said Indian intelligence agencies had been abusing the transit facilities, a charge an Indian Foreign Ministry spokesman denied.



Owners and workers of small industries held a rally in front of the National Press Club in protest against VAT Monday. Speakers at the rally demanded immediate withdrawal of VAT. — Star photo

## DU officers' strike to realise demands

By DU Correspondent  
Officers of the Dhaka University observed a day-long strike Monday demanding realisation of their 13 point charter of demands.

The 13 points include revision of downgraded pay scale, representation of the officers in the Senate, Syndicate and other bodies and implementation of the Syndicate approved regulations regarding promotions of the officers.

No administrative work was done in the University due to the officers' strike.

The central library and the science library of the University also remained closed.

The Dhaka University Officers Association (DUOA) at a general

meeting held Monday at the TSC seminar room demanded realisation of its 13 point demands by July 27.

Otherwise it said that it would go for a three-day strike from July 28 to July 30.

The general meeting was presided over by the Association's President Mohammad Selim.



Hideo Sakamaki (L), President of Nomura Securities Co Ltd, bows to apologise for business improprieties during a press conference on Monday in Tokyo. — AFP photo

## Japan's big four security firms punished for fraud

TOKYO, July 8: Finance Minister Ryutaro Hashimoto on Monday ordered Japan's four leading brokerages to restrict business for four days as a penalty for shady dealings that have rocked the financial industry, reports AP.

The ministry also directed brokerages to stop compensating wealthy customers for millions of dollars in investment losses. The compensations and alleged financial dealings with gangsters touched off the scandal.

"It's absolutely pitiful that this was going on in the market," a stern-faced Hashimoto told a packed news conference.

The disciplinary action came two weeks after the presidents of Nomura Securities Co.— and Nikko Securities Co. resigned to take responsibility for the scandal.

It also came two days before Prime Minister Toshiki Kaifu was to leave for a summit with President Bush in the United States, where the scandal has

## DU authorities urged to expel 'terrorists'

The Chhatra League (N-S) leaders Monday urged the Dhaka University authorities to expel the "identified terrorists" from the university, reports UNB.

The pro-JSD (Inu) Chhatra League organised a protest rally at the foot of Aparajeyo Bangla as part of its 19-day action programme against terrorism which was announced on July 5.

It was addressed by Nazmul Huiq Proshan, Shafi Ahmed, Roknuzzaman Rokon and Montuzaman Titu.

They called upon the law enforcing agencies to arrest the killers of Mahbubur Rahman and Dr Milon.

The student leaders accused "Awami Chhatra League" of unleashing terrorism on the campus with a design to unrest the campus.

They called upon the student community and progressive student groups to build up a movement against, what they said, terror bridges and to cleanse the campus of arms and violence.

Earlier, leaders and activists of the organisation brought out a procession on the campus chanting slogans in support of their demands.

## Promotions

From Page 1 Col. 8  
Cadres were present at the meeting, a press release said.

The Committee in a resolution criticised the government for not taking steps regarding what it called the "illegal promotion" of 19 Additional Secretaries and expressed concern over the new promotion of 56 persons to the positions of Joint Secretaries.

The BCSCC also said that the new administrative reform committee formed under the leadership of the Cabinet Secretary would badly mislead the leadership of the BCS (Administration) cadres and urged the government to form a new committee represented by all cadre services.

The meeting in another resolution demanded equality in pay scale according to the position of cadres and the removal of anomalies in the scale which had been prepared by the Main Committee.

Referring to the vacant posts in the BCS (information), BCS (economic), BCS (public health engineering) and BCS (forestry) the meeting also demanded immediate filling up of the positions.

In another resolution the BCSCC said that a quarter of the bureaucracy was engaged in a conspiracy against different government officials to put them in a false position.

The meeting also urged the government to maintain systematic rules and regulations in appointing the cadres and promoting the officials.

## Raushan

From Page 1 Col. 5  
The arms case Ershad was demanding a meeting with his wife to discuss in detail the subject matters of the case.

Ershad was sentenced to ten years rigorous imprisonment for illegally possessing arms by the Special Tribunal last month.

The concerned authorities considered Ershad's prayer for meeting his wife as per his desire.

Begum Raushan Ershad talked to her husband for an hour standing at the open window of the specially renovated cell at the Central Jail.

Begum Raushan Ershad was not allowed to enter the two-room prison cell, where Ershad is being held.

Meanwhile, the concerned authorities have brought Ershad's brother-in-law Mustafizur Rahman, now in detention, from Jessore Central Jail to Dhaka.

## 3 shot dead

From Page 1 Col. 6  
some armed miscreants at village Bazargopalpur of Jhenidah Sadar Upazila Sunday evening.

Jhenidah Thana sources said Khalilur Rahman (27), Mujibur Rahman (30) and Kalu (28) of village Bazargopalpur were conversing among themselves at the Bazargopalpur Union Parishad office premises on Sunday evening when about 10 armed persons surrounded them and opened fire on them killing all three of them on the spot.

The armed persons also fired about 10 blanks at the villagers who chased them.

However, villagers said that about 30 armed men also surrounded the village and warned the villagers against revealing their (the armed-men) names.

The bodies of the victims were sent to Jhenidah Sadar hospital for autopsy.

Jhenidah thana lodged a case in this regard and investigation is on.

However, thana sources reported that the victims were members of the revolutionary communist party (Marxist-leninist) and that the killers might be members of the underground Sarbahara party.

## The Midnight File

### Big Five talk arms control

PARIS, July 8: The five permanent members of the United Nations Security Council— which are also the world's top arms exporters— opened their meeting here today to discuss ways of controlling and policing the lucrative trade in weapons. The two-day meeting, the first of its type since World War II, comes in the wake of the invasion of Kuwait by Iraq and the resulting Gulf war, which illustrated the dangers of selling potent weapons to potentially aggressive states, reports AFP.

### Israel urged to sign NPT

CAIRO, July 8: Egypt today called on Israel to ratify the nuclear non-proliferation treaty, as the five permanent members of the UN Security Council were to meet in Paris to discuss curbs on Middle East arms sales. "It is inconceivable that an exception should be made for Israel at the expense of Arab countries," Foreign Minister Amr Moussa said in an interview with the liberal party's Al-Wafd newspaper, reports AFP.

### \$125m EC aid for Romania

BRUSSELS, July 8: Finance ministers of the European Community agreed Monday to grant 125 million dollars in economic assistance for Romania. The ministers of the 12-nation trading bloc decided to release the aid even though they have not garnered as much aid as they initially sought for Romania, officials said, reports AP.

### Clash in Sirajganj: 50 injured

SIRAJGANJ, July 8: Some 50 people including two cops were injured, 12 seriously, in day-long clashes Monday between the inhabitants of two villages in the pourashava area, reports UNB.

About 20 petrol bombs were blasted, 12 houses ransacked and two houses burnt during the fighting, officials and witnesses said. The trouble started in the morning between Ekdala and Amlapara village dwellers.

A group of about 100 people from Ekdala with lethal weapons attacked four houses of Amlapara at 4 in the afternoon and looted valuables, house owners Rezaul Islam Khoka, Akkas Mia, Haji Mansur Ali and Faridul Islam Khokon alleged.

Seriously injured in the clashes, Sweet (20), Rose (20), Chanchal (20), Liton (18), Alam (17), Santu (22), Rafiqul, Sajedul, Mohor, Bhuttu, Sanwar and Chan were rushed in the Sadar hospital and clinics.

Injured constable Abdul Mannan and a police officer were released after first aid.

With these, the number of injured rose to about 100 in several clashes between the two groups since July 5 over the issue of a charity football match between Amlapara and Ekdala at Amlapara field. Pourashava Commissioner Mokedd Ali suffered minor injury when he went to Ekdala to settle the feud on July 4.

### CU Senate

From Page 1 Col. 8  
The meeting, deferred several times earlier for stiff resistance from Shibir activists, was scheduled at 10 am Sunday at the administrative building.

The meeting was declared postponed at 5 p.m. amid a day-long Shibir sit-in demonstration at the venue demanding the VC's resignation.

Campus sources said that the Vice-Chancellor called the meeting after the Shibir activists withdrew from the campus.

The authorities claimed that the meeting passed the 1991-92 annual budget of the university and reviewed the prevailing campus situation as well as the probe body report on December 22 incident in which one student was killed and over 100 injured in a clash between rival student groups.

### Mustafiz

From Page 1 Col. 8  
national issues of common concern.

Increase of trade volume between the two countries, especially export of Bangladesh garments, will figure prominently in the discussions.

Mustafiz will also have talks with Soviet Minister for Foreign Economic Relations Katushev on expansion of bilateral economic cooperations.

Bangladesh and the Soviet Union are expected to sign a Consular Agreement during the visit.

This is first visit to the Soviet Union, by a Bangladesh Minister in last 18 years.

See also an editorial

### Astrologer held

From Page 1 Col. 5  
the Ershad family after making a horoscope on of Shaad Ershad, a source said adding that he had read the palms of Ershad and Raushan several times.

At a stage he became the President of the Jatya Party, Chittagong (South) and started exercising his power in the Chittagong area.

Before assuming the post of the former first lady's astrologer he was a teacher at the Chittagong Municipal Primary School.

Police on a secret information on Saturday night arrested him from Bahaddarhat area of the city and sent him to Chittagong Jail.

### Student leader stabbed in Bogra

BOGRA, July 8: A student leader was stabbed and a policeman injured in cocktail blast during prolonged armed clashes between the supporters of Jatiyatabadi Chhatra Dal and Chhatra League (N-S) in the town Monday, reports UNB.

A group of JCD activists allegedly ransacked the office of the pro-JSD (Inu) Chhatra League at Saatmahla crossing at 8 pm, while the Chhatra Leaguers were holding a press conference in protest at the Press Club.

Suman (28), a Chhatra League leader, was stabbed near the BNP office here at about 9 pm. He was rushed to the hospital but later shifted to his house for security.

Two other Chhatra League activists were also beaten by JCD men at the spot.

About 25 blasts were heard during scattered clashes throughout the day.

Injured constable Nazimuddin was released after first aid.

The clash was believed to have occurred in a sequel to a brawl between the two groups at Bogra Azizul Haq College on Saturday.

The private car of Awami League leader Mojibur Rahman was damaged, allegedly by local BNP supporters, in Sherpur upazila town Sunday night.

BNP held a protest meeting at Khokon Park in the district town in protest against Chhatra League supporters' "hooliganism".

### JS subcommittees

From Page 1 Col. 8  
The deputy leader of the House Dr Badruddoza Chowdhury who proposed the committees on behalf of the leader of the House Begum Khaleida Zia decided to defer the formation of the standing committee on privileges as Jatiya Party MPs strongly demanded inclusion of a member from their party.

Mia Md Mansur Ali is the chairman of the committee on public undertakings. Its other members are: Azzul Huq, A K M Abu Taleb, Harunur Rashid Khan, Ziaul Huq, Dr Mizanul Huq, Prof Rafiqul Islam, Manirul Haq Chowdhury and Sheikh Ansar Ali.

The standing committee on public accounts comprises: L K Siddiqui, Chairman, and members: Akbar Hossain, Syed Mansur Hossain, Shahjahan Omar, Anwar Hossain Khan Chowdhury, Jahannara Begum, Mohammad Shahjahan, Md Abdul Ghani, Mesbahuddin Khan, Akhtaruzzaman Chowdhury, Asaduzzaman, Principal Nazrul Islam, Rashed Khan Menon, T I M Fazle Rabbi Chowdhury and Moulana Sakawat Hossain.

Law Minister Mirza Golam Hafiz is the chairman of the standing committee on the Ministry of Law and Justice.

Other members of the committee are: Abdus Salam Talukdar, Khondakar Delwar Hossain, Moudud Ahmed, Nazmul Huda, Salahuddin Quader Chowdhury, Sudhansu Sekhar Haldar, Zubed Ali and Sheikh Ansar Ali.

Speaker Abdur Rahman Biswas is the chairman of the standing committee on rules of procedure. Dr Badruddoza Chowdhury, Mirza Golam Hafiz, Sheikh Razzak Ali, Abdus Salam Talukdar, Khondakar Delwar Hossain, Nazmul Huda, Sudhansu Sekhar Haldar, Rahmat Ali, Advocate Fazle Rabbi, Md Latifur Rahman and Suranjit Sengupta are the other members.

The composition of the committee on estimates is as follows: Chairman—Abdur Rouf Chowdhury, members—Salahuddin Yusuf, Abdur Razzak, Wing Commander Hamidullah Khan, Moinun Khan Panni, Dr A Hain Khan, Mohammad Abdullah, Saiful Azam and Abul Hasan Chowdhury.

## BCCI liquidation

From Page 1 Col. 3  
very phenomenal growth in the 80s.

Total deposits in the Bank stand at about Tk 550 crore. Its lending operations are concentrated in foreign trade operations.

Banking sources in Dhaka said that the operations of the Bank were suspended in Hong Kong on Monday.

Manila is reported to have taken the same action on the same lines.

Earlier, Delhi suspended transactions at BCCI branches in India.

However, Pakistan has allowed limited transactions, facilitating the depositors to withdraw funds up to certain limits.

Meanwhile, trade circles in Dhaka have reacted favourably to the statement of Bangladesh Bank that it would protect the interest of depositors of the BCCI. Experts suggest that authorities should explore all avenues for salvaging the ailing Bank instead of closing it down.

Informed sources say that one proposal made directly to the authorities in Bangladesh Bank is that the BCCI, with all its assets and liabilities, be "merged" with an existing large commercial bank.

These sources say that such a move should be made without delay to restore confidence among the creditors and clients of the institution.

Another proposal which The Daily Star learns has been communicated to the Ministry of Finance and the Bangladesh Bank, at their highest level, suggests that the BCCI be "refloated" under a new name, with the new bank accepting all the assets and liabilities of the old one.

Reactions of the Ministry of Finance and the Bangladesh Bank to these proposals cannot be ascertained at this stage. However, informed sources believe that the Bangladesh Bank which has been trying to prevent any disruption in the overall banking system of the country would not dismiss any new proposal out of hand.

The choice of the central bank authorities will largely depend on the report of their auditors and other teams now scrutinising the real state of health of the entire operation of the BCCI, sources say.

While it may be heartening to its clients that the Bank's deposit runs to 550 crore, said to be adequate for meeting all

its obligations, auditors would be finding out how much of it lies in loans and advances and how much of it is recoverable in time. This, sources say, is linked to the Bank's liquidity position. (Related story on Business Page)

## Hong Kong suspends BCC operations

HONG KONG, July 8: Hong Kong suspended operations at Bank of Credit and Commerce branches and hundreds of depositors queued in Pakistan after news of fraud allegations at one of the world's largest private banks swept Asia today, reports Reuters.

World financial authorities swooped on the Luxembourg-based Bank of Credit and Commerce International SA (BCCI) and its Cayman Island operations Bank of Credit and Commerce Overseas, on Friday, amid allegation of massive fraud.

In Asia, where the Bank has branches from the Shenzhen special economic zone in China to Sri Lanka and Japan, banking officials moved rapidly to suspend activities of the bank.

"There was a concern that although there had been no disorderly withdrawals of cash on Saturday, that could happen today when business reopened," Hong Kong's commissioner for banking David Carse said.

"So we decided that the fairest thing to do was to draw the line at that point and freeze the assets and liabilities of the bank for the protection of depositors."

Bank of Credit and Commerce Hong Kong (BCHK) has 25 branches in the British colony with seven billion dollars (897.44 million US) in deposits and about 12.7 billion dollars, (1.6 billion US) in loans.

BCCI's Tokyo branch closed temporarily today in response to orders from monetary authorities in Luxembourg, Japan's finance ministry said.

Japan had no immediate plans to freeze assets of the branch, which engages in traditional deposit taking and lending business, a ministry official said.

South Korea and Sri Lanka suspended operations at their BCC branches today.

## One dies in road mishap in city

By DMCH Correspondent  
One person died Monday in a road accident at Shahbagh crossing in the city.

Tawfikul Islam (22), an employee of Agrani Bank, received grievous injuries when he fell from an over-loaded speedy mini bus. He was rushed to the Dhaka Medical College Hospital where he succumbed to the injuries.

Tawfik was going to attend office at Motijheel. The body was sent to DMCH morgue for autopsy.

## Jamaat

From Page 1 Col. 5  
resolved that a non-member in the cabinet should be elected as Parliament Member within the stipulated period.

The Jamaat Working Committee also called for repealing all black laws by amending the concerned constitutional provisions.

The meeting also criticised the bill for highlighting the role of the three alliances without recognising the contribution of other political parties including Jamaat-e-Islami in the democratic movement.

said a press release.

## World Bank : markets

From Page 1 Col. 4  
ment to dynamic market economy and reinvestigation of the private sector". He mentioned in this connection.

He termed the government measures to rationalise the public investment programme, resolve a prolonged dispute between Power Development Board (PDB) and Rural Electrification Board (REB) over rural distribution lines, step up efforts to recover loans from long-standing defaulters, and introduce the first stage of a modern Value Added Tax (VAT) as "important concrete steps".

The government, he noted, has also successfully resisted pressures to roll back crucial reforms initiated in earlier months, he commented.

Willoughby observed, "Twenty years of regulation and protection and ten years of autocracy have built up many groups benefiting from privileges and favours inconsistent with the national interest".

He observed that initial democratic governments, following periods of autocracy, faced difficulties and often failed to sustain needed reform programmes.

Opposition to reforms is not unexpected but "a government faced with such a situation has

to take a strong lead", he said. The World Development Report 1991, he said, also points out that governments committed to addressing their societies' problems have rarely lost power because of this determination.

The WB mission chief noted that the more successful reforming governments in other parts of the world "have made major efforts to convince the public of the costs of inaction and to explain the thinking behind their reforms". One step in Bangladesh might be for the Prime Minister to lead the shaping of "a consensus within her new cabinet around a vision of the kind of society Bangladesh should have and the economic reforms necessary to get there," he suggested. Reforms should be spelled out more concretely to convince the people and the officials.

About the Report, the WB mission chief said that its findings showed that only half of developing countries' economic growth could be attributed to accumulation of capital stock, and the crucial factor distinguishing fast growers from slow was productivity. "Productivity in turn is the combined result of improvements in human capacities (education) and the qual-

ity of the economic environment or market in which people apply their capacities, he added.

Replying to a question, the WB mission chief said that some public sector units would close down because of the reforms. Reforms relate more to the environment in which the units operate and not essentially who run them, he added.

When asked about the alternative employment opportunities for those who would lose jobs, he maintained that a vibrant economy with new investments, facilitated by withdrawal of support from loss-making units or closure of unviable units, would open up new employment opportunities.

Responding to another question, Willoughby said that the Bank commended the privatisation efforts in the early eighties in Bangladesh only in terms of the scale of operations only. The Bank was critical of deteriorating macro-economic performances in Bangladesh in the latter part of the eighties, he added.

(Another report on World Development Report 1991 appears on today's Business Page-8).