

Banks under new strap Fresh BB lending rule to hinder bank growth, industrialisation, fears banking circle

INAM AHMED

A new stricture of the Bangladesh Bank (BB) to bridle the freedom of commercial banks to give large loans has created a sharp repercussion in the banking circle.

The move would virtually stifle the growth of commercial banks and stymie industrial activities as well, top bankers reacted.

The contention was created when the BB through a circular has set a new standard of sanctioning large loans by the commercial banks that has narrowed their freedom in loan activities.

The BB has informed most of the banks that they have large loans above the ceiling as per the new rule and so, they will not be allowed to seek fresh permission from the central bank to sanction new large loans. They can only seek BB's seal of approval for the renewal of existing large loans.

The new rule prescribes that the banks with net classified loans of up to five per cent will be allowed to sanction a maximum of 56 per cent of the total loan and advances as large loans. Earlier, they could lend up to 80 per cent.

The banks with net classified loans of above five per cent to ten per cent can now lend 52 per cent of their portfolio as large loans against the previous 70 per cent.

The banks with net classified loans between ten and 15 per cent can lend up to 48 per cent as against the previous 60 per cent of their portfolio.

For the next slot of up to 20 per cent, the allowable large loan is 44 per cent instead of the previous 50 per cent.

Surprisingly, the worst-performing slot with over 20 per cent net classified loans does not suffer because of the new policy. They retained their current 40 per cent large loan limit.

The BB has also directed the commercial banks to reduce their amount of large loans to fit into the new slab.

According to the existing rules, banks have to seek permission of the BB for approval for any loan exceeding 15 per cent of their capital.

"So, with the fresh restriction, the new banks having comparatively small capital base will be in a big trouble," said the managing director of a ten-year old private bank requesting anonymity. "Most of these banks have capital of around Tk 20 crore and they will not be able to give loans over Tk 2 crore."

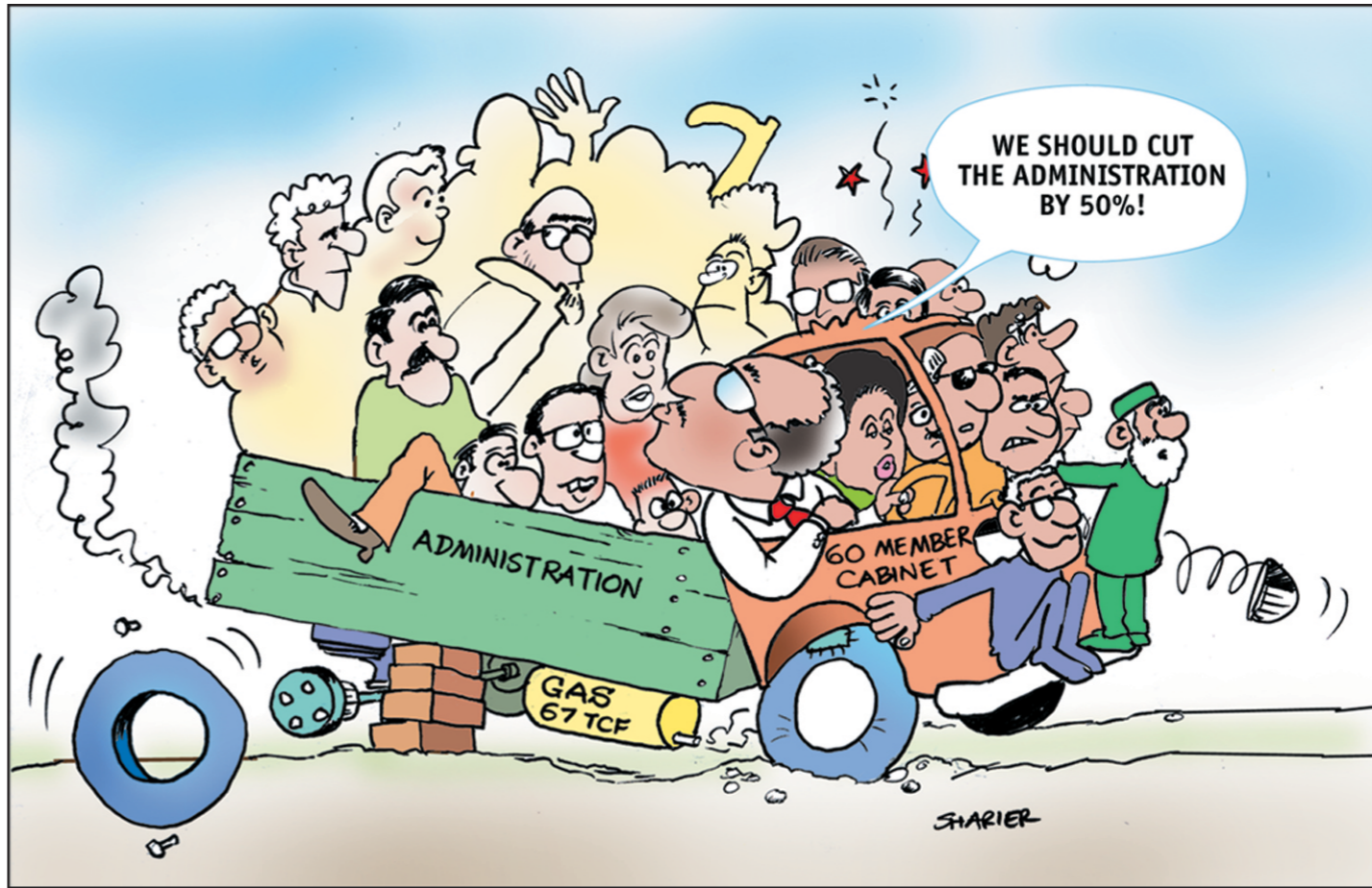
Another managing director said his bank had already finalised a number of new loan deals, which will be jeopardised because of the new rule.

"This will effectively put a lid on our growth," he said.

Meanwhile, a BB source said the new rule was made to encourage banks to give loans to small- and medium-sized projects for diversified industrial development.

But bankers have debated it by saying small industries will not grow overnight, and the country lacks infrastructure for such development.

While the good banks with low classified loans have been punished by the new rule, the worse performers were left untouched, which contradicts the policy of nurturing the better and punishing the worse, they pointed out.



Foundation of Ziaur Rahman Medical College at Bogra laid

UNB, Bogra

Prime Minister Khaleda Zia yesterday expressed her government's determination to bring dynamism in the health sector removing malpractice.

Blaming the past Awami League regime for inducing corruption, indiscipline and mismanagement in the health sector the prime minister said, "Immediately after taking over the responsibility we have taken all measures for improvement of health services."

"Improvement in the health sector and taking health services to the doorstep of the people was one of our election pledges," she said.

Khaleda Zia was addressing the foundation-laying ceremony of Shaheed Ziaur Rahman Medical College and Hospital here yesterday morning.

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4 terrorist gangs in Tejgaon area hold people hostage

STAR REPROT

At least four top terrorist gangs allegedly sheltered by different political parties have joined hands to continue drug trading, toll collection and other criminal activities in Begunbari, Nakhapara, Tejkunipara and Karwan Bazaar areas of the city, local people said.

More than five lakh people of the areas are passing their days in mounting tension as criminal activities of the gangs continue unabated. In view of apparent police inaction in this regard, local people had appealed to the home minister through national dailies to take effective steps to put an end to the situation. But no such step was still in sight.

Sources said Phensidyl peddlers Monowara, Patash Hannan, Selim and Sobhan control one gang at

Banshpatti and its surrounding areas. One of the gangs is controlled by Nazrul, VP Jahangir and Nirob, while Solaiman, Ataulah, Anni Babu, RC Babu and Afsar control one gang and Alauddin controls the other gang in the areas. Former Freedom Party leaders and Jubo League men allegedly have links with Alauddin.

At present, the gang leaders are in touch with some influential leaders of the ruling coalition, sources claimed. The gangs realise toll from house owners, businessmen and small traders. Many residents have already left the areas failing to meet their (gangs) illegal demands. "They left to avoid harassment and attacks on their families by the gangs," claimed an elderly man.

Of the gang members, Afsar, Soaliman and Anni Babu allegedly 'recruit new members.' Alauddin's

brother Rajib and some of his accomplices are members of gangs.

Alauddin is one of the 23 top terrorists, as announced by the authorities recently. The authorities also announced award for their arrest.

Since the BNP-led coalition government took over, the gangs killed more than 12 people to establish their control over drug trade and toll collection in the areas.

Sources alleged that many people have been keeping away from their houses and small factories in the areas fearing attacks by the gangs for refusal to pay toll.

Earlier, local hoodlums in collusion with power supply personnel used to collect Tk 30 each per month from slum dwellers per month but at present they are collecting Tk 100.

People of the areas even do not

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Bail petition of Pintu rejected

COURT CORRESPONDENT

The Metropolitan Sessions Judge's Court, Dhaka, yesterday rejected the bail petition of ruling party MP Nasiruddin Ahmed Pintu.

Pintu was arrested on December 26 last year on charge of attempted snatching of auction documents of a bankrupt company's property on December 23.

Judge Ahmed Jamil Mostafa passed the order following a criminal appeal, seeking bail by the defence lawyers.

In its order, the court mentioned that the charges brought against Pintu were primarily proved and the case was at a primary stage of investigation. So, the petition for bail is rejected.

The same court on January 3 rejected the petition, seeking an interim bail of Pintu by the defence lawyers.

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Syndicate active again for control of Eid cattle markets

STAFF CORRESPONDENT

An organised group of bidders, mostly backed by the ruling BNP, have formed a syndicate to bid for the lease of the 17 temporary cattle markets in the city for the Eid next month, raising prospects of a huge loss in revenue earnings for the DCC.

In the process, the group has also prevented others from dropping tender schedules.

The lack of competitive bidding has thus resulted in a drastic fall in the projected revenue earnings compared to the usual average amount earned every year by the Dhaka City Corporation (DCC) from leasing out these markets.

According to DCC official sources, as soon as the bid was invited, the corporation sold 389 tender schedules to individuals for Tk 300 each. But until the last date for submission of tenders on Tuesday, the DCC received a total of only 68 bids at eleven different offices of the corporation.

To the surprise of the officials, the bids were strikingly manipulated in favour of a specific price convenient for the syndicate, DCC sources said.

According to figures provided by the Estate

Department, the DCC so far this year has received bids worth Tk 55,14,811 for the city's 17 cattle markets as against Tk 1,28, 39,672 that it earned from their lease last year.

Out of the 17 cattle markets, six alone account for this startling difference as the highest bids so far for their lease are shockingly less than last year's.

The Nayabazar cattle market, one of the six markets in question, was leased out for Tk 60 lakh last year. This year however, the highest bid so far has been Tk 25 lakh only. Five other cattle markets have similar cases of gross underbidding.

Although the DCC would again have to invite bids for at least these six cattle markets, sources there feared that the syndicate is too strong for DCC to change anything. The DCC would have to pick the bids and send them for scrutiny by the Tender Committee, of which DCC's chief executive officer is the convenor. Finally, the mayor would have to approve and award the leases to the highest bidder.

According to a trader, who leased some temporary cattle markets in previous years, the entire syndicate is controlled by ruling party men most of whom have no

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Hasina condemns police action at BAU

UNB, Dhaka

Awami League President Sheikh Hasina yesterday asked the government to reverse its "conspiratorial decision" and restore academic atmosphere at Bangladesh Agriculture University.

In a statement, she condemned police firing on teachers, students and employees who protested the alliance government's reported decision to change the name of Bangladesh Agriculture University.

"A total anarchy has been prevailing in social and national life since the assumption of power by the four-party alliance because of its inefficiency, incompetence and autocracy," said the former prime

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Members of Shahriar Kabir's family staged a sit-in in front of Jatiya Press Club yesterday demanding release of and permission to visit the detained writer-columnist.

PHOTO: STAR

HC declares Mockbul's detention legal

UNB, Dhaka

The High Court yesterday declared the detention of Mockbul Hossain, former Awami League MP, legal.

The court comprising Justice Hamidul Huq and Justice Nazmun Ara Sultana yesterday delivered the judgement, discharging the rule issued earlier upon the government to show cause why the detention of Mockbul should not be declared illegal.

The prosecution produced before the court the confidential file on Mockbul maintained by the home ministry. On perusal of the file the court was satisfied and pronounced the verdict declaring the detention legal.

Barrister Amirul Islam appeared on behalf of Mockbul, while Assistant Attorney General Zaman Akhter Bulbul stood for the government.

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Bypolls to 5 JS seats today: AL boycotts

STAFF CORRESPONDENT

By-election to five parliamentary seats vacated by the President, the Leader of the Opposition and a senior Awami League leader takes place today with the AL boycotting it.

The Election Commission (EC) has tightened security in the five constituencies -- Narail-1 and 2 and Barguna-3, Munshiganj-1 and Faridpur-4 -- to ensure peaceful voting and high turnout of voters. Members of the armed forces will be deployed to assist the civil administration in maintaining law and order during polling.

Voting will take place from 8 am to 4 pm without any break. The government announced public holiday in the five constituencies today.

AL President and Leader of the Opposition in Parliament Sheikh Hasina, who won in four constituencies in the general election, vacated Narail-1 and 2 and Barguna-3

seats, retaining Gopalganj-3 seat.

As the ruling BNP's AQM Badruddoza Chowdhury was elected President, Munshiganj-1 seat from where he was elected MP fell vacant. AL presidium member Abdur Razaq who had won two seats vacated Faridpur-4 seat.

The main opposition party AL, which had boycotted the first by-election to six seats vacated by top BNP leaders who had won more than one seat in the October 1 general election, claimed that the atmosphere is not congenial for participating in any polls now. They attributed this to government's 'repression and attacks' on opposition activists across the country.

"The candidates nominated by AL have individually boycotted the by-polls as they found the government has made all arrangements to defeat them by manipulating the by-election," a senior AL leader told the

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DCC allows shops on pavement at Karwan Bazar

STAFF CORRESPONDENT

Mayor Mohammad Hanif has approved the building of nine shops on the pavement and walkway on the northern side of Karwan Bazaar kitchen market at a cost of Tk 10 lakh.

Sources in the DCC Market Circle said the mayor gave permission to the construction of the shops about six months ago and the money has recently been disbursed for this.

A contractor is now constructing the shops, which have already been sold at Tk 2,000 per square foot. The sources, however, could not say how much was charged for 'salami' or caution money.

The new beneficiaries told this correspondent that they had to spend about Tk 10 lakh on the ownership of each shop.

Only recently, the DCC demolished an unauthorised party office belonging to the Awami League after publication of reports on it along with pictures in different newspa

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Recitation: Stimulating artistry of a poet

	Sun Rises	Sun Sets
Jan 17	5-40	6-10
Jan 18	6-44 am	

Prayer Timings

Jan 17		
	Azan	Jamaat
Fajr	5-40	6-10
Zohr	12-45	1-15
Asr	4-00	4-15
Maghrib	5-39	5-45
Esha	7-15	7-45

Source: Islamic Foundation

Chandrima-2 & Karnaphuli projects Allotment of 118 CDA plots hangs in the balance

NURUL ALAM, Chittagong

Allotment of 118 plots at Chandrima-2 and Karnaphuli residential projects under Chittagong Development Authority (CDA) hangs in the balance for more than one year due to dramatic changes in the process that delayed the whole thing, sources said.

Frequent changes in the allotment committee also contributed to the delay.

A total of 1200 applicants deposited about Tk 16 crore with the CDA for the plots.

The process became uncertain after the state minister concerned during his meeting with CDA officials in November last year ordered suspension of allotment, raising the question of investigation, the sources said.

The order triggered discontent among applicants and CDA officials as the investigation order was given before allotment of the new plots, the sources said.

As per rule CDA is supposed to complete the allotment process within one year after taking money from applications.

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Shahriar's family members stage sit-in in city

SPECIAL CORRESPONDENT

The family members of detained writer and columnist Shahriar Kabir staged a sit-in in front of the Jatiya Press Club yesterday, demanding his freedom and better treatment in prison.

Meantime, the World Association of Newspaper (WAN) and World Editors Forum (WEF), which represent more than 17,000 publications in 93 countries, expressed serious concern at the continued detention of Shahriar and called upon the government to release him immediately and unconditionally.

Shahriar's daughter and son Arpita Kabir and Arpan Kabir yesterday distributed pamphlets, which drew attention to the alleged mistreatment of the writer since his detention on November 22.

The children said they have been denied permission to see their

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Muhuri murder Accused teachers released on bail but arrested again

STAFF CORRESPONDENT, Ctg

Two teachers of Nazirhat College, arrested in connection with the murder of Principal Gopal Krishna Muhuri, were released on bail yesterday.

The High Court granted their bail in the evening. But they were arrested again by Kotwali thana police from in front of the Chittagong jail at around 6.30 pm.

Md Idris Meah and Jahurul Haq, assistant professors of Accounting and Bangla departments respectively of Nazirhat college, were arrested on charges of their alleged involvement in the Muhuri murder on November last year.

Principal Muhuri was shot dead by armed Shibir cadres at his Jamal Khan residence in the city on November 16.

Bangladesh collapse 'as usual'

HASAN MASOOD, from Chittagong

Bangladesh suffered their all-too familiar 'collapse syndrome' as Pakistan assumed command on the first day of the Coca-Cola Series second Test at the MA Aziz Stadium in Chittagong on Wednesday.

The home side lost eight wickets in between lunch and tea to eventually be bowled out for 148 in just 56.4 overs.

The spin duo of off-spinner Saqlain Mushtaq and leg-spinner Danish Kaneria demolished Bangladesh, sharing nine wickets.

Pakistan were comfortably placed on 99 for one at stumps with opener Taufeeq Umar and Younis Khan each were batting on 47.

The decision to bat for home captain Khaled Mashud after winning the toss however gained no points for a team that is heading for

yet another three-day defeat.

Bangladesh lost the first Test in Dhaka inside three days and by an innings and 178 runs.

Saqlain, who failed to make an impression in Dhaka, made a brilliant return after a brief absence, taking five wickets for 35 runs. It was the 12th time the 25-year-old master spinner took five or more wickets in Test cricket.

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Rejoinder & our reply

BTB and Alcatel authorities in separate rejoinders contradicted some facts and figures in The Daily Star news item headlined "Telecom deals cost country over 7 lakh dollars" published on January 7.

BTB and Alcatel said the 27,500-line project is of proprietary nature and it required some 'engineering modifications.' They

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