

# Saifur rejects MCCI bailout call PM seeks Japanese

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The Metropolitan Chamber of Commerce and Industry (MCCI) asked the BB to release foreign currency to those creditworthy banks that are failing to meet their letter of credit (LC) obligations amid a severe scarcity of dollar.

**MCCI LETTER TO BB**  
The MCCI letter, dated July 9, signed by its president and addressed to the BB governor, said several banks have not been able to honour their LC obligations due to a dollar crisis, causing serious damage to the country's reputation and ability for securing future import contracts.

The chamber asked the central bank to take step so that the creditworthiness of the banks is not affected in the international market and, at the same time, foreign exchange is not frittered away for consumer and speculative imports.

The restriction on the availability of dollar to the banking sector has created an artificial market whereby the demand for dollar now far exceeds the supply, MCCI President Kutubuddin Ahmed observed in the letter.

"If the creditworthiness of the country's importers and, more importantly, the financial institutions is undermined in the international arena, there are serious implications for the country's ability to secure future import contracts," he cautioned.

At best, the affected banks will have to pay more to secure increasingly expensive foreign bank LC confirmations, the MCCI chief remarked, but the damage to the country's image would be hard to repair.

While the nationalised commercial banks (NCBs) may be able to operate within the prescribed exchange rate bands, private and foreign commercial banks tend to be driven by market forces, the letter pointed out.

It also observed that taka's depreciation might be good for exporters but has clear inflationary implications for imported goods. Where such imports are for 'non-essential' items, this may not be considered a problem from the country's perspective, but if inflation starts to affect day-to-day essentials, the social impact is more

significant.

"Limited letters of credit from the banking sector has led to 'hoarding' of certain imported commodities. Hoarding has led to price escalation of certain commodities, which has the potential to seriously affect the well-being of the people," it continued.

The chamber thought the government should consider some short- and long-term actions proposed by the chamber before determining the policy measures to face the complexity of foreign currency exchange.

As a short-term measure, the chamber suggested selective release of foreign currency to creditworthy banks that are failing to meet their LC obligations.

It also asked the central bank to relax regulations on supplier's credit to ease the immediate demand for foreign currency.

"In the longer term, there need to be measures to ensure that we avoid a recurrence of the current crisis," the chamber said.

According to it, there need to be more proactive initiatives to ensure that the huge amount of foreign workers' remittance is made through legitimate banking channels and to enable the commercial banks to efficiently recycle the fund to meet the country's import requirements.

The government can also continue to work with the private sector to incentivise exporters, the chamber suggested.

**SAIFUR DENIES DOLLAR CRISIS**  
But, Finance Minister Saifur Rahman yesterday rejected the claim of dollar crisis.

The government must keep its foreign exchange reserve at a certain level to facilitate import of essential goods including petroleum, Saifur told the press after a meeting with BB Governor Dr Salehuddin Ahmed and high officials of the BB and the NCBs at his secretariat office.

The government also requires an additional \$546 million to pay off the increased price of petroleum, he said, adding, [so], "it is not possible to release dollars from the central bank whenever someone wants it."

According to the minister, the reckless and profit-making attitude of some of the small banks has put

them in the trouble. They have over-committed themselves for LCs, but the good banks do not have any such problem, he pointed out.

Saifur asked the central bank to examine these banks' capacity of earning foreign exchange and the amount of LCs they have opened, meeting sources said.

He also criticised the lending policies of these banks, saying they are investing in heavy industry, which in the past used to be done through foreign investment or credit line, putting pressure on the foreign exchange reserve.

Saifur advised the banks to invest more on export-oriented projects and enterprises that would create jobs instead of investing in the heavy industry.

He also suggested them not to open LCs for unnecessary imports and asked them to appoint good lawyers for realising default loans.

At the meeting that reviewed the national and international finance situation Saifur also advised the NCB officials to look into any possible negative impact of the recent London bomb attacks on foreign currency remittance.

## BDR man

**FROM PAGE 1**  
The smugglers opened fired on the BDR personnel of Baraachra Shalban check-post in Benapole area. The BDR men retaliated, leading to a gunfight between the two sides

Piar Mohammad was shot during the encounter. He was taken to the nearby hospital where the attending doctors declared him dead.

The gunfight over, BDR men recovered playing cards and medicines from the scene.

After the filing of a case, Benapole police arrested two alleged smugglers--Dulal and Pappu--from village Chhotoachra.

Meanwhile, high officials, including the Khulna sector commander of BDR, visited the spot.

Border forces on both sides of the frontier have been put on alert.

## Hearing

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November 29 last year regarding election to 45 reserved seats for women in the Jatiya Sangsad.

Some women's organisations, including Jatiya Malla Ainijibi Samity, Karmojibi Nari and Bangladesh Manobadhikar Bastabayan Sangstha and some political leaders had filed three writ petitions on July 20, December 13, 2004 and January 4, 2005, with the High Court challenging the validity of the constitutional provision and a law regarding election to 45 reserved seats for women in the Jatiya Sangsad.

On May 30, the High Court had discharged three writ petitions. Dr M Zahir stood for the petitioners while Attorney General AJ Mohammad Ali for the government.

## Ex-Shibir man

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yesterday morning.

In his confessional statement Ekhas said, five to seven people including himself, former Shibir leader Sahabuddin Laskar Dhira and outlawed party leader Iqbal Hossain Swadhin took part in the killing of Sheikh Belaluddin on February 5 this year.

Police said Ekhas is an associate of Dhira, the main accused in Belal murder case.

Criminal Investigation Department arrested Dhira on July 5.

## Khulna

**FROM PAGE 1**  
all walks of life, including students and teachers from all academic institutions, stood silent on roads till 12 noon in support of the mass protest programme.

Transactions at financial institutions remained suspended; workers and officials of mills and industries refrained from work; and shops pulled down their shutters and sales in city's kitchen markets stopped.

Leaders of the GKDAC held a huge rally at the Picture Palace cinema hall square. Presided over by veteran Awami League (AL) leader Advocate Kazi Abdus Salam, the rally was marked by the participation of people and leaders irrespective of political ideology and profession.

Addressing the rally, the GKDAC leaders threatened with non-cooperation movement and non-payment of any sort of tax from greater Khulna if necessary fund is not allocated immediately through special arrangement from the national exchequer for the city's development projects.

The rally was addressed among others by city AL President Sheikh Haroon-or-Rashid, city BNP Secretary Nazrul Islam Manju, city Convenor of Gono Forum Haider Gazi Salahuddin, city President of Communist Party of Bangladesh Advocate Feroze Ahmed, district BNP Secretary Advocate Shafiqul Alam, city President of Jamaat-e-Islami Abdul Matin Master, city President of Jatiya Party (Ershad) Abul Hossain, President of Khulna Chamber of Commerce & Industry Munir Ahmed, former education minister and veteran Muslim League leader SM Amjad Hossain, and President of Khulna unit of Bangladesh Medical Association Dr Akhtaruzzaman.

The one-hour work stoppage was also observed in Bagerhat and Mongla.

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She said Japan has sustained Bangladesh's development efforts as genuine friend. "We will like to count on the support that Japan has given us over the years," she added.

Appreciating Japan's liberal ODA policy that has touched many crucial areas of Bangladesh's development, the prime minister thanked Japan for its recent decision to write off \$1.46 billion debt that Bangladesh owed to Japan. This suggests the high quality of Japanese ODA to Bangladesh, she added.

The prime minister expressed the hope that this involvement would extend not only to the expansion of trade and enhancement of FDI flows but also go far beyond to strengthen economic cooperation, support for good governance, building partnership in regional and global issues and promoting human exchange and dialogue.

On foreign investment, she said, the potentials of foreign investment in Bangladesh are immense and the investors can take advantage of Bangladesh's duty-free access to major world markets as a member of LDC.

The prime minister recalled the gesture of the Japanese school-children during Bangladesh's War of Independence and also noted with gratitude that Japan as a genuine friend has sustained the development efforts of Bangladesh since the independence.

She invited a delegation of the league of lawmakers to Bangladesh to see for themselves Japan's contributions to Bangladesh's development efforts.

"We would also like to use this visit to establish Bangladesh-Japan Parliamentary League in our parliament so that the two leagues can further strengthen our excellent bilateral relations," the prime minister said.

Mentioning the legendary resilience of Bangladeshi people, she said neither natural nor man-made disaster succeeded in subduing the indomitable spirit of the people.

She, however, reminded that the struggle for achieving democratic society and economic prosperity for all has not been easy. "No country has achieved democracy instantly. Democratic institutions need time to grow roots," Khaleda said, adding, "We started the process with elections in 1991 after our people overthrew a military dictatorship."

She asserted that her party, the Bangladesh Nationalist Party (BNP), was the prime mover in this transition. "Since then, we had three general elections, and governments changed peacefully."

The prime minister said the parliament is sovereign although it truly functional. She blamed the lacking on "unfair demands by the opposition". However, she believes that all this is "part of the process of democratisation".

Mentioning the achievements under her government's rule, she said the press is enjoying total freedom while courts in Bangladesh are functioning independently.

The prime minister also said her government set in motion fundamental structural changes to sustain the country's economic and social development.

Law and order, once primary

concern, is now under control. "My government has dealt with the violators, including from my own party. We are now negotiating with the opposition to make parliament the focus of all political activities. We are working hard for separating the judiciary from the executive and we also created an independent commission very recently to deal with corruption effectively."

The prime minister said that Bangladesh has got the best record of communal harmony in South Asia. "Our country is the best example of a Muslim-majority country where there is a well-rooted liberal democratic political system in place," she told the meeting.

She claimed that Bangladesh can rightly be projected as a model among the developing countries for succeeding with democracy, despite considerable odds.

## Rajuk's

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buildings. The 17 illegal structures are in the first category. The second category consists of 62 buildings which have defied height restrictions. Rajuk plans to 'manually' demolish the unauthorised floors of these buildings.

The list for the third category was sent to Rajuk by the Civil Aviation Authority of Bangladesh (Caab).

Top officials of Rajuk said they are in an 'embarrassing' situation over CAAB's decision to declare the old Tejgaon airport as an 'alternative' airport in 2002, while Rajuk had approved several high-rise structures in the area.

"In 1996, after Caab declared Tejgaon airport non-functional, Rajuk started approving construction of buildings in the areas around the airport. But now we are told to disregard the earlier decision and demolish those buildings," said Shahid.

Caab's fresh decision has led to a discord between the two organisations, a Rajuk official said, requesting anonymity. "The buildings which were built after 1996 had approval both from Caab and Rajuk. Now we cannot ask their owners to pull those down."

## Foreign vessel

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Tk 1.50 crore as compensation from the ship owners, sources said.

Meanwhile, it is alleged that two investigation committees headed by Nazmul Alam, CPA harbour master captain and Sirajul Islam, mercantile marine department engineer and surveyor, intentionally ignored the fault of CPAPilots.

As the CPA pilot concerned did not board the foreign ship at the anchorage, it entered about five kilometres inside the hazardous channel without him, sources said, adding that the pilot had no knowledge about the sophisticated foreign ship's equipment and did not inform its captain about the danger of tidal movements in and around the naval jetty.

Earlier, on September 21, 2003, a container vessel hit naval flotilla jetty that caused damage to some 50 naval frigates. The damage was then estimated at Tk 100 crore.

Such incidents will tarnish the image of the Chittagong port abroad, a competent source said.

## 2 slain 'robbers'

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them were also lying at DMCH morgue.

Meanwhile, Abul Hashem Howladar, caretaker of an NGO Village Development Centre (VDC) and a tenant at the house where the three alleged robbers had knocked at the door on Tuesday night, filed a robbery attempt case with Mohammadpur Police Station the same night.

VDS, owned by one Shafiqul Islam of Brahmanbaria, runs a guesthouse at the house at Block-E at Lalmatia. It has 30 beds in five rooms and around 300 guests from different NGOs of the country stays at night during their visit to the capital, Howladar told The Daily Star yesterday.

In the FIR (first information report), Howladar said a gang of five to seven armed robbers attempted to rob his house at around 8:00pm on Tuesday. Out of fear, he closed the doors and cried out for help.

Hearing his cry, locals and pedestrians also shouted for help and a patrol team from Mohammadpur Police Station rushed to the spot.

On information, additional forces turned up and three of them were killed an encounter with them, police said.

But Howladar yesterday told The Daily Star six youths rang the doorbell at his house and looked for him. "Two of the youths claimed to have come from Social Service Centre and entered the house. Later, one of them asked me to go out to see their boss. As I was going out, two of the youths ran upstairs."

Abdul Jalil, owner of the house, said he saw two youths pushing Howladar on the third floor of the four-storey building. Then they ran to the roof and broke the roof door. Later, I heard shouts from an adjacent house saying there is a robber."

Police then instructed us over microphones to stay home closing the doors and windows as there are robbers in the adjacent house, he said.

Police said they handcuffed the youths after they were shot and nabbed before taking them to the DMCH.

## Unplanned

**FROM PAGE 1**  
reasons behind waterlogging after only 152mm rainfall halted the city life the same day.

The committee has identified at least 10 major points where water drainage is blocked and rainwater inundates adjoining areas.

A crossroad has been built at the meeting point of Khilgaon-Basabo and Jirani canals and it should be removed immediately, its report said.

The committee has also asked authorities to construct three Bailey bridges on Mugda-Maniknagar canal as locals have closed it by building roads.

A large number of crossroads have been built on Rajarbagh-Kadamtala canal, Shahjadpur canal in Badda, Golartek canal in Mirpur and Ramchandrapur canal in Mohammadpur with narrow pipes for drainage.

The committee suggested construction of box culverts and removal of the pipes for proper drainage.

Fish farmers have blocked the city lakes to for the sake of their business, leading to a poor drainage system during the rains. As a result, rainwater floods Gulshan, Banani and Baridhara areas, the committee said, suggesting removal of these blocks.

It also asked authorities to close three sluice gates on Rampura Road to obstruct water flow into the city from its eastern side during floods.

"City corporation ward commissioners have built most of the unplanned roads to meet people's demands. Now the authorities has to remove those to facilitate water drainage," a member of the steering committee said asking not to be named.

But a few members have said all illegal and unplanned structures cannot be removed due to proper initiatives and lack of coordination in planning.

"I know it's not possible to remove all structures. But the authorities should take initiative to remove as many as possible," said an official from the Water and Sewerage Authority (Wasa).

Asked, State Minister for Local Government and Rural Development Ziaul Haque Zia said they are working on the reports and the city dwellers will soon get a positive result.

## Borrowing

**FROM PAGE 1**  
does not have any negative impact.

Responding to a July 12 report of The Daily Star headlined "Borrowing binge," he said the borrowed money is lying with the banks as the government's deposit and the BB has withdrawn the money through reverse repo (repurchase agreement) to ensure that money supply is not increased.

Though the government's bank borrowing marginally exceeded the target, the overall borrowing will be less than the budget target, he added. The target of borrowing through savings instruments was Tk 4,000 crore, but the amount may be a little more than Tk 3,000 crore in this sector, he explained.

A high official at the Finance Division said the government borrows money from the banking sector to meet the budget deficit and it is very much within the sustainability.

## 24 Iraqi children

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parents mingled in blood-soaked hallways shouting and screaming. He said he had found his son in the hospital morgue.

"I recognized him from his head. The rest of the body was completely burnt," he said.

Hassan Mohammed, whose 13-year-old son Alaa also died, swore at insurgents for attacking civilians.

"Why do they attack our children? They just destroyed one US humvee, but they killed dozens of our children," he said as women at the hospital screamed and slapped their faces and beat themselves over the head.

"What sort of a resistance is this? It's a crime," he added.

The last major attack involving children was a triple car bomb on September 30 against US troops

inaugurating a water treatment plant in western Baghdad which killed 43 people including 37 children who had gathered to take candy from the soldiers.

Meanwhile, a Sunni Muslim religious official said the tortured bodies of 11 Sunni Arabs, who were killed execution-style with a bullet to the head, were found in Baghdad Tuesday. The men, who were accused of aiding the insurgents, were arrested by police commandos two days earlier, he added.

Their bodies were found dumped in the north of the city, he added and "all bore torture marks and bullet wounds to the back of the head."

Hussein Ali Kamal, deputy minister for intelligence at the interior ministry, told AFP it was not known who was responsible for the killings.

## US envoy asks Hasina

**FROM PAGE 1**  
openly, and if the election truly reflects people's verdict, the AL side told the US envoy.

The acting US ambassador categorically asked us whether Awami League would participate in the next elections or not and we told her it depends on the atmosphere of the vote," AL Presidium Member Kazi Zafarullah, who was present at the meeting, said.

However, an AL Central Working Committee meeting last Monday decided not to participate in the next parliamentary polls, if the opposition's demand for reforms of the caretaker government, Election Commission and some of the electoral laws are not met.

Quoting the meeting's discussions, Zafarullah said AL is a party that has always come to power through vote and respects people's choice.

"We are concerned about the fairness of the next elections, our participation in which will largely depend on the electoral atmosphere -- whether it is free and fair or not," he said, adding to ensure fair elections AL and its allies are going to place a set of reform proposals.

AL leaders apprised Chhannas of the proposals, which are expected to be released tomorrow.

The AL side also alleged that the retirement age of High Court judges had been extended deliberately with a view to get a certain person as the chief of the next caretaker government.

In the hour-long meeting, Chhannas termed the next parliamentary polls critical for the country's future and offered all types of assistance to hold it in a free and fair manner.

"We are working in many ways to support a free and fair election in Bangladesh through our development agencies," said the US envoy. "We have already initiated projects with the NDI [Washington-based National Democratic Institute] and the IRI [International Republican

Institute] and the bottom line of the projects is that the election be a free and fair one," she added.

The meeting also discussed frequent extra-judicial killings involving Rapid Action Battalion (Rab) and the US side reiterated its concern at such incidents, Zafarullah said.

AL International Affairs Secretary Syed Abul Hossain was also present at the meeting, where the first secretary of the US embassy in Dhaka aided Judith Chhannas.

## Corruption

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State Minister for Power Iqbal Hassan Mahmood who was present at the meeting expressed frustrations and helplessness in realising the long outstanding bills.

Speaking on the ministry's initiatives to realise the unpaid bills, Mahmood said he has tried his best but the recovered amount is very little.

The committee members held the Desa officials responsible for the outstanding bills, saying the officials are not sincere in taking steps to realise the arrears.

"We have asked Desa to submit a report at our next meeting with all information on the outstanding bills and accurate figures of system loss," said the committee chairman.

Criticising the officials of the Power Division, committee member and Awami League lawmaker Sheikh Fazlul Karim Selim told the country's future and offered all types of assistance to hold it in a free and fair manner.

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The meeting also discussed the progress of the proposed Siddhirganj-2 power plant.

## 150 dead in Pak train

**FROM PAGE 1**  
Musharraf said 107 people were confirmed dead but Chaudhry Nazir Ahmed, divisional superintendent of Pakistan Railways, told AFP that about 150 had been killed.

Local hospitals reported that 132 bodies had been brought in so far and rescue workers continued to pull more from the carriages, officials said.

Around 1,000 people were injured, local police chief Agha Mohammad Tahir said, and many of the victims were women and children.

The accident happened when one of the trains, the Quetta Express, stopped for repairs at Sarhad station near Ghotki and the Karachi Express coming from Lahore smashed into it around 4:00 am (2300 GMT).

A number of carriages were catapulted onto a parallel track and a third train, the Tez Gam Express heading for Islamabad's twin city Rawalpindi, then careered into them.

Railway officials blamed the Karachi Express driver for misreading a signal at Sarhad station that turned green to allow the Quetta Express to move off.

The train was travelling at a speed of 120 kilometers (75 miles) an hour when it hit and the driver and his assistant were both killed, Junaid Qureshi, a senior railway official, told AFP.

"The driver of the Karachi Express thought the signal allowed him to pass and he rammed into the rear part of the Quetta Express," Qureshi said.

Most of the casualties were said to be on board the Tez Gam train. In all 16 coaches were derailed -- 12 from the Tez Gam train, three from the Quetta Express and one from the Karachi Express, along with its engine.

Rescue workers used electric cutters to recover bodies and wounded passengers from the smashed carriages, while two relief trains have also been rushed to the area to help with rescue efforts, officials said.

"Our teams have rescued scores of people from inside the ruptured coaches, but hundreds more are trapped inside and we are trying to evacuate them," Salahuddin Haider, spokesman for the government of Sindh province, told AFP.

Troops have cordoned off the area while around 50 ambulances from civil and military hospitals and the private Edhi Welfare Trust were shuttling between hospitals and the disaster site, witnesses said.

The smash halted all railway

traffic in the area, which is 400 kilometres northeast of Karachi, and it would take many hours to restore the service, Qureshi said.

Military spokesman Major General Shaukat Sultan said the army was supervising the rescue after the "tragic accident", while civilian services and relief agencies were also taking part.

Most of the injured were rushed to Ghotki's civil hospital and army and paramilitary doctors were drafted in from a nearby garrison to help, Sultan said.

Worried relatives thronged to several railway stations across Pakistan to inquire about family members travelling on the trains.

Dozens of people have been killed in recent years on Pakistan's ageing railway system.

In 1991 another crash at Ghotki between a passenger train and a goods train killed 50 people according to authorities and between 100 and 200 according to press reports.

A year earlier, more than 350 people were killed and 700 injured when a goods train collided with a passenger train in Sangi, near Ghotki.

## Dhaka waterlogged

**FROM PAGE 1**  
the Bay of Bengal. The heavy shower may continue at a stretch for seven to eight hours in many places, especially in the capital and its surrounding places, it added.

Yesterday's downpour led to temporary inundation to many of the major roads in the commercial hub of the city, including Motijheel, Arambagh, Pirjongi Majar, Bangabandhu Avenue, Gulistan near Bangababhan, Bijoynagar, Kakrail and Tophkana Road.

Other low-lying areas of the city such as Asad Gate, Lalmatia, Farmgate, Tejuni Para, Mirpur sections-1 and 10, Kazipara, Paikpara, Pirebagh, Jatrabari, Sayedabad, Tikatuli, Hatkhola, parts of Banani, Gulshan, Dhanmondi and Uttara also went under water for a few hours.

Movement of mostly public buses and other modes of transport were severely interrupted especially in the morning as rainwater flushing out into the sewerage lines took hours to clear from the roads.

Meanwhile, yesterday's rain further worsened the condition inside the Dhaka-Narayanganj-Demra (DND) embankment as rainwater was trapped inside it flooding many walkways of Tengra, Boxnagar, Hajinagar, Konapara, Delha, Dogair and Matuail areas.