

6-month moratorium

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Bank was Tk 2,220 crore in December last year, of which public deposit was Tk 1,300 crore, government deposit Tk 570 crore, and other banks' deposit Tk 350 crore.

The bank's accumulated loss was Tk 490 crore in June last year before being taken off by the Bangladesh Bank (BB) and its overall capital shortfall was Tk 1,733 crore. At the same time, its classified loan was about 64 percent of the total loan.

The finance ministry gazette said during the moratorium period a depositor will be allowed to withdraw highest Tk 10,000 per month while the bank can take new deposits. There will also be no restriction on withdrawing money from these new deposits, the gazette said.

The government made the move—first of its kind against any local commercial bank—at the directives of Bangladesh Bank.

BB Deputy Governor Nazrul Huda said some activities of the bank have been suspended for six months. "This is not closing down a bank," he said.

"We had two options for Oriental Bank considering its present situation—either liquidation or reconstitution," Huda said, adding, "We have chosen the second one in the interests of the depositors."

The government slapped the moratorium for preparations of the reconstitution process. "I think the bank can be reconstituted within this period," he said.

"We will bring reforms in the bank during these six months for resuming all activities," said Asaduzzaman Khan, Oriental Bank administrator appointed by the central bank, told The Daily Star yesterday after receiving the government decision.

"We will work hard to make it a good financial institution in the next six months," he added.

He said all the branches of the bank will remain open and their officials will get salaries as usual during the period.

The Oriental Bank is allowed to operate transactions of letter of credits (LC) against import and export opened before beginning of the moratorium period.

Moreover, all import related transactions by the exporters are allowed in the bank, the gazette said, adding that remittance withdrawal facilities will remain open.

The utility service providers will be able to withdraw their money deposited in Oriental Bank as utility bills and at the same time exporters will be able to withdraw money from export earnings.

On issuing demand draft (DD) and pay order, the gazette said the bank is allowed to issue DD and pay order only after 100 percent cash deposit of the amount.

It said Bangladesh Bank will consider resuming any other activity of Oriental Bank during this moratorium period for the interest of both the depositors and the bank.

The Bangladesh Bank will prepare necessary schemes for Oriental Bank as per Clause 77(4) of the Bank Company Act, 1991.

According to the clause, the central bank will be able to reconstitute Oriental Bank or merge it with other banks for the interest of the depositors and banking sector. There can be arrangements for increasing the bank's capital through issuing shares by private placement.

Meanwhile, nobody can challenge the moratorium over Oriental Bank in any court and nobody can file cases for recovery of their loans by Oriental Bank during the six-month period.

However, the bank can file civil and criminal cases to recover its outstanding loans.

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CPD accords
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government officials, professionals, academics, development practitioners and civil society leaders attended the ceremony.

CPD Executive Director Debapriya Bhattacharya presided over the reception ceremony.

Russia, India

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Two Russian reactors are already under construction in India, where rapid economic growth is driving a demand for additional supplies of energy.

Some of the reactors will be at the Kudankulam nuclear power station in Tamil Nadu and others at additional sites, an Indian government official said.

The two countries are also exploring Indian investment in the Sakhinal-3 oil and gas exploration blocks in the Pacific. Oil Minister Muri Deora said on Wednesday New Delhi would ask Russia for a stake in the project during Putin's visit.

Russia, however, faces competition from the United States for the lucrative Indian nuclear power and arms markets.

Last month, US President George W Bush signed legislation effectively ending a US ban on civilian nuclear trade with the country. In 2005, Washington and New Delhi struck a framework agreement to boost ties in the military sector.

But for now India is the second-biggest buyer of Russian weapons after China. Up to 80 percent of weapons and hardware now in use by New Delhi has been supplied by Moscow, say experts.

Earlier in the week, Russian Defence Minister Sergei Ivanov said Russia would pitch its MiG-35 combat jet in an Indian tender for 126 fighter aircraft.

He added Russia was ready to start negotiations about India's participation in developing a fifth generation fighter to make its first flight no later than 2009.

India and Russia on Wednesday

crisis," he said.

Bangladesh Bank dissolved the board of directors of the problem-ridden Oriental Bank in June last year and appointed an administrator from the central bank.

Later, the central bank investigated the bank's scam and found that its majority shareholder Obaidul Karim, former managing director Chowdhury Koyes Sami, and a number of officials were involved in misappropriating about Tk 595 crore.

Following the central bank's direction, the Oriental Bank management yesterday filed criminal cases against 24 people found guilty in investigation.

Sources said apart from these 24 people, a number of politically influential persons, including BNP leader and former lawmaker Mosaddeq Ali Falu, embezzled a huge amount of money from the bank during the immediate past government's rule.

There are records of shutting down one foreign bank and two local financial institutions.

OWNERSHIP CHANGING AND LOSSES MOUNTING

When the bank was set up in 1987, a Jeddah-based Al-Baraka Investment and Development Company and local Amanullah Group—former owner of Pepsi franchise, had major stakes in it with 34.67 and 40.46 percent and then it was called Al-Baraka Bank (later renamed Oriental Bank).

From the very beginning the bank gave loans to influential people violating regulations and these loans were never recovered.

Consequently, it has been always on a losing streak.

One of the bank's big defaulters Abul Khair Litu and his Bengal Group took a huge loan. The bank also gave loans against fictitious names and organisations. The bank filed criminal cases against Litu and obtained arrest warrant. Litu escaped arrest by an interim bail.

In January 2002, Al-Baraka sold its shares to a number of Hong Kong-based investors while in December 2001 Amanullah Group also sold its shares to five local companies. It was learnt that Litu purchased those shares using fictitious names and established his control over the bank's management. Consequently, the bank's condition continued to deteriorate.

In 2005, the bank's ownership once again changed hands and Orion Group and its sister organisations bought 83 percent of the shares. Orion Group's Chairman Obaidul Karim told Dainik Prothom Alo that they have now 42 percent of those shares while the other 41 percent belonged to foreign companies. He also said he bought the shares for Tk 34 crore from Litu.

But the bank's situation did not improve this time either and continued to turn from bad to worse day by day. There are allegations that loans have been taken in real and fictitious names violating bank rules. Karim however denied these allegations while talking to Prothom Alo.

Following the labelling of 'problem bank', the bank had an observer appointed by BB who remains present in the bank's board meetings.

Over the last few years a number of special Memorandum of Understanding (MoU) were signed between BB and Oriental but things did not improve.

A BB source said the BB-appointed observer used to be present in the bank's board meeting but the bank's influential directors used to get loans from the branches and those loan proposals did not require the board's approval. The bank's higher management also connived with the corrupt practice of the directors, sources said.

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Kibria killing

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Appellate Division and appealed the HC order. But the matter still remains pending for hearing.

Besides Kibria, four others were killed in the grenade attack carried out shortly after a rally at Baidderbazar of Habiganj.

Asma Kibria, wife of the slain leader, yesterday told The Daily Star that had there been a fair probe, the killers would have been tried and sentenced by this time.

Form the outset, she and her family have been calling for a neutral international probe into the killing, fearing the investigators might not be allowed free rein to the job.

They alleged that the then government had been doing everything to pervert the course of investigation as "some of its ministers and high-profile leaders had a role in the murder".

The Kibria family pointed out that the local investigators then would never dare interrogate them let alone linking them.

The frustration is heavy but still overrode by hope. "Since a non-party government is ruling now, we hope there will be a fair investigation into the murder," said Asma Kibria.

"The caretaker government has expressed its will to hold a violence-free election. But if fair trials into the political killings are not ensured, who will guarantee that the killers won't come up with new killing missions during the election period?" she asked.

Talking to The Daily Star, complainant Majid Khan yesterday said the police so far have arrested eight of the 10 charge-sheets accused.

AKM Abdul Quayum, who was a vice-president of Habiganj BNP before being expelled from the party. Ayat Ali, Kajal Mia, Selim Ahmed, Tajul Islam, Shahed Ali, Jaijal Abedin, Jalal, Jaijal Ali, Jaijal Abedin Mumun and Muhibur Rahman are behind bars while the other two—Kajal Mia and Muhibur Rahman—are on the run.

Of the accused, Tajul, Shahed, Jaijal and Mumun have already given confessional statements to a magistrate. They, however, later moved to a higher court and sought to retract their statements. They claimed they had made the confession under duress in police custody.

Majid Khan said: "According to the investigators, Quayum got Kibria killed with an intent to win from the constituency. Usually it's the party high command that decides who would contest from which constituency. Now the question is who among the high-ups had assured Quayum that he would be on the BN ticket?"

He also regretted that the source of the grenade could not yet be known.

"Though the proceedings remain stalled, the caretaker government could still order a fresh investigation to ensure a quick and fair trial of the killing," he observed.

Meantime, Quayum's son Ruhul Quayum has also demanded a re-investigation. "My father has been made a scapegoat in the local BNP," he noted.

Now is the time to find the real culprits, he said, adding: "My father would not have been in jail, had there been a neutral investigation."

Pointing out to Harkatul Jihad (Huji) activists claiming the responsibility for the grenade attack, Ruhul said, "But IO Munshi Aitour Rahman of CID deliberately left this part [the claim] out of the Huji operatives' confessional statements as it would contradict the charge-sheet he had already submitted."

The Criminal Investigation Department was tasked with the murder case probe while Officer-in-Charge of Habiganj Sadar Police Station Shafiuzzaman took up the case filed under the Explosives Substances Act.

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Demolition drive

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feet," magistrate Kamal Pasha, who led the eviction team, said. The illegal grabbers had narrowed the road, he added.

Some roadside shops and a kitchen market were also demolished during the drive in the morning.

"We first asked them to vacate the land and many did so," Pasha said.

After cleaning up the Bhassantek area, the team went to Mirpur Kalsi road near the journalist colony and tore down the wall of another two-storeyed mosque there.

"We had to knock down the mosque and one wall of a graveyard also as those were creating obstacle to widening the road," the magistrate said.

Meanwhile, The Rajdhani Unnayan Kartripakka (Rajuk) authorities pulled down several illegal establishments in Gulshan area during a separate drive yesterday, Rajuk sources said. Magistrate Emdadul Dastagir led the eviction team.

"We had to knock down the mosque and one wall of a graveyard also as those were creating obstacle to widening the road," the magistrate said.

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