

# Govt actions

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made many of the 33 lakh investors bankrupt.

The stakeholders said withdrawal of circuit breakers on share index and individual stocks is also a good step towards restoring investors' confidence and stabilising the market.

The announcement of active participation of institutional investors may also help boost investor confidence to some extent, they added.

But a number of issues including quick probe into the allegation of market manipulation, reform of the Securities and Exchange Commission (SEC), and increase in supply of new shares still remain left out.

They observed that it will be unwise to involve the banks in rescuing the market, as too much exposure of banks to the stockmarket may be disastrous for the overall financial sector of the country.

"I don't get why it needs 15 days to form a probe committee when it can be done instantly. It appears that the government is not that serious about it," said Mahmood Osman Imam, professor of the department of finance at Dhaka University.

Prof Imam made the comment a day after the government had announced a stimulus to recoup investors' confidence that slumped as markets plunged 24 percent in two weeks this month.

Analysts said the closure of trading for the last two days gave investors time to think and re-evaluate their positions. This may help ease the panic among the investors at a time when many shares have become attractive for buying.

About the trade suspension by the regulator and meetings between the finance minister and stakeholders, Imam said he expected a package from the government for the capital market.

Meanwhile, the issue of reforming SEC also remains withheld. The finance minister pledged increasing manpower of SEC, bypassing the issue of reforming the commission, which suffers from capacity constraint in different areas including monitoring and surveillance.

"Monitoring and surveillance capacity of both SEC and Bangladesh Bank have to be strengthened so that the regulators can take immediate action when any manipulation is detected," said Imam.

Mirza Azizul Islam, a former chairman of SEC also a former finance adviser to a caretaker government, however, said the government steps to stabilise the market, and its interest in investigating the allegation of market manipulation might have a positive impact among investors.

"But no direction came regarding addressing the demand-supply imbalance in the market," he said, "We also did not see any disclosure about bringing twenty six state-owned companies to the market to address the supply-demand gap."

Abu Ahmed, professor of the department of economics at the University of Dhaka, echoed Mirza Aziz. "But it depends on the behaviour of institutional investors," said Abu Ahmed, also a market analyst.

## 25 BDR men

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Hossain, Mohsiur Rahman, Masum Billah, Motiar Rahman, Shahinur Alam, Kôhinur Islam, Romiuzzaman and Munshi Nazmul Haque, and sepoy driver Mostak Ali.

Aminul Islam, the then officer-in-charge of Naogaon Model Police Station, filed the mutiny case with the Chief Judicial Magistrate's Court on May 17, 2009 accusing the 25 BDR jawans of looting arms from the battalion armoury and revolting against their officers followed by taking over the battalion headquarters.

Deputy Attorney General Shashank Shekhar Sarkar was also present at the court yesterday on behalf of the attorney general.

He said the decision to withdraw circuit breakers on index is good because it does not reflect the normal market behaviour.

The DU professor, however, said the market has got bigger than what it had been during the 1996 crash, and it will be unwise to judge the present stockmarket based on the 1996 viewpoint.

"The market now involves thirty three lakh investors, and if the investors return home losing their investment, it might cost the government politically," he said.

According to him, the government should not take so much time to form the probe committee.

"It can be done in three to four days. Early formation of the probe committee will reflect seriousness of the government," he said, adding that the terms of reference of the probe committee should be wider allowing it to investigate whether there was any capital flight from the country.

"It is important to find out where the money went in the last two to three months, who took the advantages of the loopholes in the system, what were the faults of SEC, and how demands were created in the share market," he said.

Khondkar Ibrahim Khaled, former deputy governor of Bangladesh Bank, said SEC should be restructured.

He said 15 cases were filed against suspected market manipulators in 1996, but none of those saw any verdict. There are stay orders against all of those.

"Even the lawyer, who took initiative to revive the cases, was removed," he said.

"Irrespective of governments, a syndicate has been able to control SEC," he alleged, adding, "The main problem lies here. SEC should control the stockmarket. The market can never be stable if SEC runs on the advices of the syndicate."

He also warned about involving all banks to rescue the capital market.

"It is not the banks' job to engage in stockmarket. They may invest a negligible amount. They have to operate within the laws of the central bank," he said, "Otherwise we will see a banking crisis as we are seeing now in the stockmarket."

Analysts also said the plan to reinvest profits from banks does not seem enough to support the market. It might lead to a mere one-day bounce back.

"The key for regulators is to reassure all investors -- retail, institutional and even foreign -- of strong economic fundamentals," said Ifty Islam, managing partner of Asian Tiger Capital Partners.

"The underlying story is, our economy is strong," he said.

## Expats in UAE can get MRP from now on

STAFF CORRESPONDENT

Bangladesh missions abroad have finally started issuing machine-readable passport (MRP), nearly 10 months after the modern passport was launched in the country.

Missions in Dubai and Abu Dhabi received applications for the MRP on Sunday and Monday respectively, said sources in the foreign ministry.

Embassies in other middle-eastern countries have also completed all the formalities to follow suit as most of the countries have already made it mandatory. The move has been stepped up to facilitate Bangladeshi workers there, noted the sources adding, all the missions abroad will issue MRP within the next few months.

Technical teams visited different countries to make the foreign missions capable of delivering MRP.

The government started issuing MRP in the country on April 1, 2010 to meet an international aviation deadline.

# 2 suspects of Shahid murder held

STAFF CORRESPONDENT

Detective Branch (DB) of police yesterday arrested two persons in the capital in connection with the killing of Shahid Mollah, ward-32 Juba Dal unit president, on January 10.

Kazi Wahab, 42, was arrested at Uttara and his associate Mobarak Hossain, 37, at Motijheel.

At a press conference at the city's DB headquarters, Monirul Islam, deputy commissioner (DC) of DB (South), announced the arrests.

He said the murder followed a long feud between the Juba Dal leader and a Juba League leader over grabbing Motijheel Kagojer Math and collecting extortion from shops in the area.

Wahab and Mobarak confessed to their involvement in the killing, the DC said.

He quoted the arrestees as saying that the Juba League leader hired some five to six goons including them to carry out the murder. The arrestees made the plan for the murder and the others executed it.

Talking to reporters at the briefing, Mobarak said they earlier arrested twice to kill Shahid Mollah.

"I helped them [killers] identify the Juba Dal leader," he said.

DC Monirul told reporters that the arrestees also named the local Juba League leader, who masterminded the killing, but he declined to disclose the name for the sake of investigation.

Detained Wahab and Mobarak have been placed on a three-day remand yesterday. DB officials produced them before the court seeking remand for 10 days and Additional Chief Metropolitan Magistrate Mohammad Ali Hosain granted for three days.

## PM goes

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prime minister during her visit. A flight of Emirates Airlines will fly the Bangladesh delegation to the United Kingdom.

The prime minister is scheduled to arrive at London Heathrow International Airport at 7:05am (local time) on January 26 after a three-hour stopover at Dubai.

During the visit, Hasina is expected to meet British Prime Minister David Cameron, Deputy Prime Minister Nick Clegg and Secretary General of International Maritime Organisation (IMO) Eftimios Mitropoulos.

The premier will attend a programme at the House of Commons on January 26 and will deliver a speech on world peace at Oxford Union the following day.

On January 28, she will appear for interviews with the BBC, The Daily Telegraph and Ethnic Bangla Media and also hold talks with Mitropoulos.

Apart from this, the prime minister will also attend a council session of UK chapter of AL at Hotel Hilton where Bangladeshi expatriates will throw her a reception on Saturday afternoon.

Foreign Minister Dipu Moni, Mayor of Sylhet City Corporation Badaruddin Ahmed Kamran and Ambassador at-Large Mohammad Ziauddin, among others, will accompany her.

The premier is due to head for Dhaka on January 30.

## 7 hurt

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22, Shahjahan, 20, Shahabuddin, 20, and SM Hanif, 45.

Rafiqul Islam, assistant manager (production), was also injured. The injured were taken to Chittagong Medical College Hospital. Of them, four including the assistant manager shifted to Dhaka Medical College Hospital as their condition was stated to be critical.

BSRM Public Relations Officer Dhrubo Jyoti Hore said the explosion occurred when scarp iron was being melted in the furnace.

# Blaming BB

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The facts however belie this notion propagated by the manipulators, specially the brokers and some merchant banks.

According to the Bangladesh Bank statistics, it had mopped up around Tk 1,700 crore from the market in 15 days since December 1 by raising the CRR by half a percentage point. This was done mainly to fight inflation -- a prime task of any central bank -- that has been inching up constantly. Inflation, which was 7.31 percent in June, 2010 had crept up to 8.14 percent in November, needing intervention by the central bank. Interestingly, the stock market did not crash then, it crashed much later.

At the same time, figures show the Bangladesh Bank had pumped in Tk 7,000 crore on average a day through repurchase agreement or repo. The central bank does it by buying treasury bills from the banks.

This rather reflects a lax monetary posture by the central bank, belying the claims that the Bangladesh Bank had caused cash crunch on the market.

Apart from this, two things had happened: One is a surge in import that saw about a 30 percent growth for which banks did not have enough foreign exchange and they had to approach the central bank for dollars. This led to a drain down on their cash.

The other thing is a high private sector credit growth of about 27 percent. The banks in fact failed to manage their portfolio and caused loan-deposit mismatch. A part of this credit in fact crept into the stock market and the extent of this fund diversion is still not fully known. So far the Bangladesh Bank has been able to trace diversion of about Tk 250 crore.

Large initial public offerings (IPOs) -- Mobil-Jamuna and MI Cement -- hit the market at this moment, mopping up about Tk 2,600 crore that was locked for 45 days due to regulatory obligations.

Some glaring fund mismanagement can be cited here. AB Bank, which played a major role in investing in the stock market overshooting the Bank Company Act's limit of not more than 10 percent exposure, had borrowed Tk 1,400 crore on interbank market. Such interbank lending is meant for overnight borrowing only. But since it bought shares with the money that got locked up for at least four days (because of the T+3 regulation that says a buyer cannot sell shares three days after the transaction T).

Such fund crisis prevailed in three banks for a short period of four days.

"Blaming Bangladesh Bank for the unstable capital market was like blaming the

football referee in Bangabandhu Stadium for the fault of the cricket referee in Mirpur Stadium," commented a source in the central bank. The Bangladesh Bank regulates the money market as the central bank while the Securities and Exchange Commission (SEC) controls the capital market.

The main task of Bangladesh Bank is to ensure a stable GDP growth by applying a monetary policy to contain inflation. As part of it, the central bank has to control increasing price levels by reducing money supply to the market. It also tries to keep the banking sector stable and protect depositors.

"The Bangladesh Bank has been watching the capital market carefully for a long time," said the source.

Addressing the banks in September 2009, bank Governor Dr Atiur Rahman had remarked that many banks had taken initiatives to invest in the capital market. There was nothing wrong in it, he said, as long as they comply with the guidelines of the central bank and the SEC -- or else, it might cause significant price fluctuation in the share market. If banks incur loss, it would affect their own capitals and thus affect the depositors.

That is why the central bank asked the banks to form subsidiary companies by January 2010 to deal with the capital market.

As per the Bank Company Act, 1991, a bank cannot own shares more than 10 percent of its liabilities. Accordingly, the central bank issued directives on the banks and kept on monitoring their activities amid resistance from certain groups.

But as the banks failed to form their subsidiary companies within January 2010 deadline, the central bank gave them a new deadline, which the banks missed again. On June 15 last year, the central bank issued a circular to separate merchant banking and brokerage activities from the banks. This time, the banks were given the deadline of September 30 for forming their subsidiaries. But again, the banks failed and the Bangladesh Bank gave them two more deadlines -- the last one ending in December.

Finally in December some banks launched their subsidiary companies and it came to the central bank's notice that these banks have given out loans to single borrowers widely crossing their permissible limits. Accordingly, the banks have been given some deadlines for reducing these loans.

To ensure liquidity flow in the capital market, the central bank has given a demand loan of Tk 400 crore against the ICB. Besides various banks were assured of liquidity through repo.

# Attempt-to-rape

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capital where he tried to rape her.

He was not a parliament member at that time. The victim filed the case with Pallabi Police Station accusing Kamal, his brother Monwar Hossain Majumder and Nazma Hossain.

Police submitted charge sheet against the three on April 9, 2002 and the Third Special Tribunal for Prevention of Women and Children Repression, Dhaka, framed charges against them on October 7, 2004.

On May 6 last year, Judge Bimal Chandra Sikder of the tribunal granted a government petition for withdrawal of the charges.

On July 6, 2009, the home ministry and sent a letter asking Dhaka district magistrate for steps to scrap the case.

The letter read the government decided to have the case withdrawn, considering it "politically motivated" and "meant for harassment".

The district magistrate on July 23 the same year asked the Dhaka metropolitan public prosecutor (DMPP) for necessary action in this regard.

On May 2 last year, DMPP Mohammad Abdullah Abu submitted before the tribunal the petition along with

the home ministry recommendations.

Hearing the petition, the court acquitted all the defendants of the charges.

Contacted, DMPP Abdullah Abu told The Daily Star he does not remember withdrawal of the attempt-to-rape case.

He said there are no guidelines for identifying any case as "politically motivated". They do it [the withdrawal] after analysing case documents and recommendations from political leaders.

The DMPP even does not recall whether a court framed charges against the lawmaker.

## Saudi accident

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others injured when a ladder fell on them at Princess Nora University in Riyadh on 8:00am yesterday.

None of the dead and the injured is from Bangladesh, said Haroon Or Rashid, Bangladesh Embassy's first secretary (labour), over the phone yesterday.

Earlier, several television channels reported that a few Bangladeshis were killed and injured in the accident.

Clearing all confusion, Rashid said the civil defence in Riyadh showed him the list of the victims. They were from India, Pakistan and the Philippines.

# Sarkozy calls for tougher Iran sanctions

AFP, Paris

France's President Nicolas Sarkozy declared yesterday that world powers should toughen their sanctions on Iran following the failure of talks on limiting Tehran's nuclear ambitions.

"Sanctions are beginning to produce their effects. We must reinforce the sanctions," Sarkozy told reporters, while adding that France still had "deep reserves" about Western military action against Iran.

## SC clears

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Moheshkhali.

A three-member bench of the Appellate Division headed by Chief Justice ABM Khairul Haque came up with the ruling in response to a petition for vacating the chamber judge's order.

The chamber judge had vacated a High Court order staying the process for holding elections to the municipalities.

The Election Commission rescheduled the polls for January 27 after the chamber judge on December 19 last year stayed the HC order following an appeal filed by the government.

Kartik Das Gupta, a voter of Cox's Bazar, filed the petition with the SC the following day for vacating the chamber judge's order.

Barrister Rafique-ul Huq appeared for the petitioner, while Additional Attorney General MK Rahman and Assistant Attorney General Ekramul Haque stood for the government.

## BNP demands

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party's central office in the capital's Naya Palatan yesterday alleging that the police administration is working for the ruling party-backed candidates.

The by-elections to Habiganj-1 (Nabiganj and Bahubal) and Brahmanbaria-3 (Sadar) constituencies will be held on January 27.

Awami League is trying to influence the upcoming by-elections to the Habiganj-1 and Brahmanbaria-3 constituencies by using police administration, MK Anwar alleged.

Anwar said the ruling party workers are threatening BNP activists and obstructing campaigning in favour of BNP-picked candidates in the two constituencies.

Terming 15-20 centres of Nobiganj and around 40 of Brahmanbaria risky, he demanded deployment of additional security forces.

Anwar urged the Election Commission (EC) to stick to their previous decision of deploying the army there to ensure free and fair elections.

He also demanded release of the BNP activists who were arrested in "false cases" ahead of the polls.

## Real estate

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binding capacity of soil and biodiversity and changing the shape of the hill.

During the one-hour long drive it also seized 10 metric tonnes of construction materials and dismantled the illegal boundary fence around the hill.

The realtor did not take No Objection Certificate (NOC) from the DoE for setting up structure on the hill, claimed Munir Chowdhury. "If they had permission from the Chittagong Development Authority (CDA), it was not a right decision," he noted.

The DoE official said the firm defied several DoE notices for dismantling the boundary fence. Businesses concerned will be penalised if found guilty of destroying environment, he mentioned adding, "We will measure the offence first and then determine the penalty amount."

"We will recommend Chittagong City Corporation as well as CDA to declare the Prabartak Sangha hill as a green zone."

The Daily Star could not know the reactions of CDA chairman and officials of RF Properties as they were not available over the phone.

# Clip ACC wings

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president of the republic. Other amendments are: anyone filing a false case could be jailed up to five years with fine; ACC investigators must complete investigation into a case within maximum 120 days.

The cabinet clears the way for the amended ACC law to be placed in parliament for an expected passage as the ruling party holds the two-thirds majority.

The cabinet decision came amid signs the Awami League-led grand alliance government is bowing to the pressure of the bureaucrats than upholding its election pledge to ensure good governance, accountability and transparency.

The proposed amendments also upset the ACC chairman.

"The move will encourage corrupt government officials," ACC Chairman Ghulam Rahman told the Daily Star yesterday. "It will also have an adverse impact on the activities of the rank and files of the commission."

He said the current democratic government and the elected parliament are pledge-bound to strengthen the commission.

"I hope they will not pass a law that curtails the commission's power in taking action against corrupt persons," the ACC chief said.

The ACC has been fighting a losing battle in keeping its independence since the amendment move surfaced in 2009.

When the amendments were first proposed in 2009 the commission strongly opposed six of them saying that it would push the commission under the control of the executive and weaken it.

That time the commission also lobbied with the Law Minister Shafiq Ahmed urging him to refrain from amending the provisions that are so crucial to the watchdog's independence.

The ACC received support from anti-graft bodies like Transparency International Bangladesh who also criticised the move and urged the government to drop the plan.

But the cabinet yesterday gave its final nod to almost all the proposals arguing that

these will make ACC more effective, accountable and pro-people.

However, the government backtracked from another proposal that the ACC has to take prior permission before initiating case against lawmakers, policymakers and local body representatives.

A recent TIB survey found public service sector as one of the top corrupt sectors in the country. Another TIB survey showed 96 percent people were against the amendments.

The cabinet, however, kept the authority of appointing the commission's secretary within the purview of the ACC, moving away from the government's earlier position of taking it under its control.

Press Secretary to the Prime Minister Abul Kalam Azad informed reporters about cabinet approval for ten new amendments. He said the amendments included allowing ACC to seek cooperation from the officials of any government body in carrying out probe against ACC and government officials.

Currently ACC can seek the assistance only in case of investigation against ACC officials.

The immediate-past caretaker government in 2007 promulgated the ACC rules, 2007 and also an ordinance bringing some changes to the ACC Act, 2004 that sought to plug the loopholes in the law and making ACC more effective.

The commission in February 2009 proposed some amendments to the 2004 act in light of the 2007 ordinance as the Awami League-led government did not transform the ordinance into an act.

The government continued to keep the commission amendment proposal on the back burner but instead formed a committee headed by the additional secretary of the Cabinet Division in March 2009 to review the act.

The ACC proposals included an increase in its workforce to deal with corruption cases against public servants, which the government rejected.

# Suicide bombing

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Militant groups fighting in the Caucasus know how important the perception that the president and prime minister provide a secure society is, and to undermine that is a key aspect of their aims.

Last March the Russian capital's underground system was rocked by two female suicide bombers from Russia's volatile Dagestan region, who detonated their explosives on the busy metro system during rush hour, killing 40 people and injuring more than 80.

'ALMIGHTY EXPLOSION' Airport spokeswoman Yelena Galanova told Interfax news agency that the explosion occurred in the international arrivals hall in a public area "to which people who are not passengers have free access".

The hall was packed as several international flights had just landed. The device is thought to have contained the equivalent of 7kg (15lb) of TNT.

According to eyewitnesses quoted by Russian TV's Vesti news programme, before detonating the explosives the bomber shouted: "I'll kill you all!"

Briton Mark Green, who was on a British Airways flight that landed at the airport before the explosion, told BBC News there were thousands of people in the baggage collection area, baggage hall and queue for immigration at the time of the blast.

"We were walking out through the exit of the arrivals hall towards the car, and there was this almighty explosion, a huge bang... my colleague and I looked at each other and said 'Christ that sounds like a car bomb or something', because the noise was, literally, it shook you," Mr Green told BBC News.

He described scenes of panic and how he gave a drink of water to a bloodied Russian man whose face was

blackened with soot.

In the aftermath of the explosion, Medvedev told Russian state television a commission of inquiry would be established "to conduct urgent on-the-spot investigations".

He said: "After previous similar events, we passed appropriate legislation, and we have to check how it has been applied. Because obviously there have been lapses, and we have to get to the bottom of this."

A spokesman for Russian Prime Minister Vladimir Putin told the BBC's Newshour programme that no government could protect all of its citizens from attack all the time.

"(The) government is taking all (the) necessary (security) measures," said Dmitri Peskov.

"But the nature of terror is that none of us, none of the countries in this world, are free from this threat. None of us could ensure 100 percent security level."

Police are hunting for three suspects in connection with the bombing, Russian media report.

All flights from Domodedovo have been suspended since the blast, while incoming flights are being diverted to Moscow's Sheremetevo airport.

US President Barack Obama condemned what he called an "outrageous act of terrorism", while Nato sent a message of solidarity to Russia's government.

EU President Herman Van Rompuy called for those behind the attack to be punished, and UK Foreign Secretary William Hague sent the condolences of the British government to all those who had lost relatives or been injured.

"British officials are in urgent contact with the Russian authorities to establish the facts and to provide consular support to any British nationals who may have been affected," said Hague.