

BB for reconstituting

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structure in the bank," said the letter.

"Obviously such a huge amount of money has been embezzled with the consent of the higher authorities or in connivance with them," a finance ministry official quoted the governor as saying.

The central bank has also sent a copy of the letter to Banking Division Secretary Md. Shafiqur Rahman Patwary, who had talks with Muhith about the letter at the secretariat in the afternoon.

The finance minister also had a meeting with Sonali Bank Chairman Quazi Baharul Islam, said an official of the finance ministry.

A number of officials of the Ruposhi Bangla Hotel branch of Sonali Bank were involved with an embezzlement of Tk 3,547 crore. Of the amount, Tk 2,686 crore went to little-known Hallmark Group.

Besides, the Gulshan and Agargaon branches of the bank gave loans amounting Tk 144 crore and Tk 140 crore respectively beyond their authority, stated the central bankletter.

According to sources at

the finance ministry, the governor in his letter said the loan scam at Sonali Bank had not only sullied the state-run bank, but also negatively impacted the whole banking sector of the country.

Rahman said the loan scam took place due to lax supervision, weak risk management and faulty internal control management. It was the responsibility of the board to oversee all business activities.

"As a result, all responsibility of the irregularities falls on the board. In this case, the board of directors was not able to discharge its responsibilities. It seems the board was not able to play an effective role in protecting the interest of the depositors of the country's largest state-run bank," he said.

Rahman has requested Muhith to take necessary decisions to reconstitute the board of directors of Sonali Bank.

The letter said Bangladesh Bank's inspection on Ruposhi Bangla Hotel branch found that the Hallmark Fashion and others had been given pre-shipment credit beyond limit against LCs worth \$48.93 lakh.

found that Tk 3,547 crore was embezzled at the Ruposhi Bangla Hotel branch between 2010 and May 2012.

The irregularities took place through issuance of letter of credit (LC) in favour of Hallmark and other groups beyond authority, internal bills purchase, purchase of fake export bills and packing credits, by creating accommodation bills against issuing LCs in favour of the groups; and giving loans to clients through vouchers.

Through the irregularities, the branch provided loan facilities to Hallmark Group, T and Brothers, Paragon Group, D n Sports, Nakshi Knit and KhanZahanAli.

The central bank also conducted inspection on the Gulshan branch and Agargaon branch of Sonali Bank and unearthed more financial irregularities.

In 2010, Bangladesh Bank's inspection on Ruposhi Bangla Hotel branch highly praised the official and later he was promoted. But there is provision that every audit report of the bank will be presented at the board through audit committee," said the cen-

The same inspection found that in the case of Hallmark, the credit limit rose to Tk 350.31 lakh from the approved limit of Tk 60 lakh.

At the time, Sonali Bank wrote to the central bank that the credit limit would be brought to the approved level.

But the central bank letter said it had unearthed financial irregularities involving a huge amount of money in case of the Ruposhi Bangla Hotel branch and some other branches.

The central bank letter said as the Sonali Bank board did not take steps against the irregularities detected in 2010, the loan facility in favour of a single group borrower, Hallmark Group, rose to Tk 2,686 crore in 2012.

"It is also surprising that instead of taking measures against the official directly involved with the irregularities, the February 2011 audit report of Sonali Bank highly praised the official and later he was promoted. But there is provision that every audit report of the bank will be presented at the board through audit committee," said the cen-

The Economist sees a repeat

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resulting in a political impasse similar to the one witnessed in 2006," the EU said.

It, however, observed that the risk of a severe deterioration in the internal security situation in 2012-16 is low, primarily because officials would continue to exercise firm control over the army and the police, who could quickly reinforce law and order.

It also said the Awami League's chances of winning an unprecedented, consecutive second term at the election lay in making significant progress in improving power supplies and arresting a sustained rise in consumer prices.

The EU said the war crimes tribunal might trigger reactions both from home and abroad, as a number of senior figures in the BNP and its main ally Jamaat-e-Islami were accused of committing atrocities during the 1971 Liberation War and so were facing possible execution.

"It would antagonise the

administration in Saudi Arabia, which is a staunch supporter of the Jamaat, as well as a prime source of subsidised oil and financial support and home to more than two million Bangladeshi workers."

Domestically, it said, convictions of those on trial would be hugely popular, particularly among the urban population, and would boost the AL's chances of being re-elected in 2014.

The EU also said Bangladesh's foreign policy would remain focused on improving economic and diplomatic ties with India and China.

About the caretaker administration system, the EU said the main opposition BNP had maintained that it would boycott the next election unless the caretaker system was reinstated. "There are doubts over whether the BNP will carry out its threat, but either way, like previous opposition forces before them, the legitimacy of the outcome will be called into question."

In response to the BNP's

threat of boycotting the election, the AL has made a few conciliatory noises about some form of joint transitional government to oversee the next parliamentary polls, but no specific details have been given.

"A clue as to whether Bangladesh's political system survives the latest test may lie in how the three players that have determined political outcomes in Bangladesh since independence are likely to act: the AL, the BNP and the army," it said.

Referring to the ruling AL's determination of being the first political party to win an unprecedented second term in office, the EU said power-generating capacity had been increased in the past year or so, but a significant gap between supply and demand persists.

"At the same time, a threatened boycott of the next parliamentary election by the BNP will raise doubts about the contest's legitimacy," the EU said.

The BNP would aim to take the advantage of public

disgruntlement over high consumer prices, energy shortage and constitutional reforms in order to attack the AL, the EU said, adding that other developments in the coming months were also likely to lead to street protests by the BNP and its political allies.

About international relations, the EU said although relations with India had improved dramatically since the AL came to power, the two neighbours did not reach agreement on the transit of Indian goods through Bangladesh or on water-sharing.

The government will be careful not to allow improved relations with India to damage ties with China, which in recent years has become one of Bangladesh's largest trading partners and remains its primary supplier of military equipment.

Officials are expected to exploit Bangladesh's strategically important location on the Bay of Bengal to get concessions on trade and aid from both India and China

Indian PM fights back

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vowed to continue protests that have forced constant adjournments of business, with the government unable to pass any legislation.

Singh's attempt to address parliament was met with a wall of noise drowning out his speech. He later spoke outside the building, issuing an appeal to opposition parties to end their protests and to debate the report.

"Let the country decide where the truth lies," the 79-year-old premier said.

Arguing that the proposed change to competitive bidding required consensus building among various stakeholders with divergent views, Singh said that major coal and lignite bearing states like West Bengal, Chhattisgarh,

Jharkhand, Orissa and Rajasthan that were ruled by opposition parties, were strongly opposed to a switch over to the process of competitive bidding.

Blaming opposition-ruled States, he said they felt that competitive bidding would increase the cost of coal, adversely impact value addition and development of industries in their areas and would dilute their prerogative in the selection of lessees.

The CAG report into coal allocation said private companies had made windfall gains of about \$33.4 billion since 2004 after being given mining rights via a process that "lacked transparency and objectivity".

But Singh described the report as "flawed" in its analysis that competitive

bidding for coal rights could have been introduced in 2006, and he criticised how it calculated the vast sums allegedly made by private companies.

"Postponing the allocation of coal blocks until the new system (of auctions) was in place would have meant lower energy production, lower GDP growth and also lower revenues," he added.

He said the policy of allocation of coal blocks to private parties, which the CAG has criticised, was not a new policy introduced by the UPA government. It has existed since 1993 and the previous governments also allocated coal blocks in precisely this manner that the CAG has now criticised, he pointed out.

Meanwhile, hundreds of

Indian protesters angry at the controversial allocation of coal fields were baton charged by police and sprayed with tear gas during a demonstration in the capital New Delhi Sunday.

Police also fired water cannons to disperse the protesters as they tried to march towards the residences of Prime Minister Manmohan Singh and Congress president Sonia Gandhi.

The disruption in parliament comes as India's economy is badly faltering, with investors and business leaders looking for decisive action from the government to restore confidence and spur expansion.

Quarterly economic growth slumped to its lowest level in nine years in the first three months of the year.

Appealed to the tribunal for drawing up contempt proceedings against her for allegedly making statements disrespecting the tribunals.

Tajul said Sajeda at a programme on July 27 said "a couple of alleged war criminals should be hanged in order to prevent them from taking advantage of the legal process".

Moving a recusal (voluntary absence from trial proceedings) petition filed on Sunday, Abdur Razzaq, chief of the defence, yesterday said Shahriar Kabir, first prosecution witness in Mojaheed's case, met the tribunal chairman and its members this month.

Besides Shahriar Kabir, Shaheen Reza Noor, another prosecution witness in the case, and other members of Ekatturer Ghatak Dalal Nirmul Committee and Prajanna '71 met the tribunal chairman and its members, which raised "serious concerns of appearance of bias of the Tribunal-2 against the applicant [Mojaheed]," said Razzaq.

Shahriar is a cousin of martyred intellectual Shahidullah Kaiser and eminent filmmaker Zahir Raihan and the executive president of Ekatturer Ghatak Dalal Nirmul Committee. Shaheen Reza is son of martyred journalist Serajuddin Hossain and is president of Prajanna '71, an organisation formed by the children of martyrs of the Liberation War.

The chairman and the members of the tribunal should refrain from conducting the case against Mojaheed to "ensure an independent and fair trial", Razzaq said.

Prosecutor Syed Haider Ali said as members of martyred family Shahriar and Shaheen met the tribunal chairman and the members to tell them about different logistic constraints and security problems of the tribunal.

Besides, after taking permission they along with a delegation met the judges of the tribunal in presence of the deputy registrar of the tribunal, said the prosecutor, adding, such a meeting could not raise any question about the tribunal's impartiality.

Afterwards, the tribunal chairman in its order said there is no provision of recusal either in the act or in the rules of procedure of the tribunal.

He said Shahriar and others met the tribunal chairman and its members not to talk about any case proceedings but about different logistic constraints and security problems of the tribunals.

The petition was filed without knowing the purpose of the meeting, said the tribunal chairman, adding that mere listening to the delegation "no way constitutes a conflict of interest" and "appearance of bias" and thereby the petition is rejected.

CONTEMPT PETITION

AGAINST SAJEDA

Moving a contempt of court petition against Syeda Sajeda Chowdhury, Tajul Islam, a defence counsel of Quader Mollah, yesterday

at Alubdi of Pallabi in Dhaka during the Liberation War.

He said the Jamaat-e-Islami assistant secretary general along with the Pakistani army opened fire on the people of Alubdi on April 24, 1971.

Amir yesterday said 21 of his relatives including his maternal uncles were killed that day.

He said after Victory on December 16, 1971, under the leadership of Quader Mollah, 700-800 Al-Badr members and Punjabis took shelter at Mirpur with the Biharis and tried to turn Bangladesh into Pakistan again.

Amir was even injured in a battle with the Pakistan army and Al-Badr members on December 18, 1971, said the witness, adding that Mirpur was freed on January 31, 1972.

On May 28, the tribunal

Sajeda asked to explain

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The three-member Tribunal-2 headed by Justice ATM Fazle Kabir with members Justice Obaidul Hassan and Judge Md Shahinur Islam also completed recording the rest of statement of Amir Hossain Mollah, ninth prosecution witness in Quader Mollah's case.

Moving a recusal (voluntary absence from trial proceedings) petition filed on Sunday, Abdur Razzaq, chief of the defence, yesterday said "a couple of alleged war criminals should be hanged in order to prevent them from taking advantage of the legal process".

Quoting a report published in Bangla daily Aman Desh on July 28, Tajul claimed Sajeda had said Razakars did not follow any law while committing crimes against humanity in 1971 and so laws are not needed to be followed in trying them.

Such statements at the time of his (Quader Mollah's) trial amount to a clear and direct interference in the court proceedings, said Tajul.

Amir started his testimony on Sunday when he said the Jamaat leader had directly taken part in the killing of around 400 people

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