

# HUGE BAD DEBTS AIL NATIONALISED BANKS

by Shahiduzzaman Khan

Nearly 25 per cent of the outstanding bank loans have turned into bad debt. The nationalised banks have a total of Taka 19,000 crore loans which were lying outstanding and out of it, realisation of Taka 5,000 crore has become doubtful.

The irregularities in the lending operations have, of late, shaken the confidence of the people on financial operations. The international financial institutions like the World Bank and International Monetary Fund are reportedly reluctant to disburse the second tranche amounting to 50 million dollars under the financial sector credit programme. The disbursement was expected this month.

The monetary and credit situation had reached a delicate stage by mid-80s, according to financial experts. A number of steps were taken to restrain credit expansion and money supply. There were also

moves to recover loans. But the moves ended in utter failure as the lending operations were influenced by the high-ups in the past government.

A banking expert said, although a national banking and credit commission was set up for reviewing the sector, proper management, coordination and balance were grossly lacking. He said the net result of these steps resulted in increase of broad money supply from Taka 4,718 crore to Taka 20,736 crore between June, 1982 and March, 1990. This money was not invested in any productive sector.

The major defaulters of the bank loans included big businessmen and industrialists. Nearly 200 fortunates with reported blessings of the past regime, had managed to get huge amount of loans through illegal means. High-ups in the government had allegedly put pressure on the bank officials to sanction loans even if they

were defaulters.

Sonal Bank topped the list of the outstanding loans which amount to Taka 2,000 crore followed by Taka 1,500 crore by the Janata Bank. The figures of the outstanding loans of the Agrani Bank and Rupali Bank are Taka 900 crore and Taka 600 crore respectively.

Repayment of agricultural loans of Taka 1,500 crore is highly doubtful. This loans were given to the persons closely connected to the aids of the past regime. The remaining Taka 3,500 crore loans had gone to the hands of big industrialists and businessmen which seriously jeopardised the smooth functioning of the nationalised banks.

Consequent upon this, the nationalised banks have been suffering from shortages of deposits. The situation has also brought about inflationary trend on the economy. Money supply was Taka 4,718 crore in July, 1982 which rose to

Taka 20,736 crore as on March, 1990. The phenomenal rise in the money market has contributed to the nagging inflation.

Despite increase in the money supply, money was not used for productive purpose. Most of the finances have been accumulated in the hands of a few persons who were resorting to unproductive investment through leading a luxurious life.

The present interim government has dismissed the boards of directors of these nationalised banks amid reports of growing irregularities, mismanagement and corruption on December 10, 1990. Latest reports suggested that boards have been reconstituted but many stalwarts were included in the boards.

Shahiduzzaman Khan is a Special Correspondent of the Daily Star.

For years, U.S. makers of supercomputers have complained that the Japanese government has refused to buy American-made versions of the world's fastest problem-solvers. Now it is the Japanese who are complaining.

A few weeks ago, NEC Corp. began shipping the first of its long-awaited SX-3 supercomputers, a machine with startling computing speed. But none of the seven universities and companies paying between \$5.8 million and \$24.2 million for the first models are in the United States.

It is not that there is no American interest in the machine; in fact, researchers from several U.S. government laboratories say they went only badly, partly to determine the progress Japanese manufacturers have made in this field.

But like Japan, the U.S. government has long resisted importing supercomputers, as Massachusetts Institute of Technology learned a few years ago when the government headed off its effort to buy an early Japanese model.

## Now Japan Bemoans Closed Supercomputer Market in the US

By David E. Sanger

Among the American computer experts eager to get their hands on Japan's state-of-the-art machine are those at Lawrence Livermore, National Laboratory in Livermore, California. Their effort was blocked by the Energy Department, which apparently feared the political fallout.

Now the laboratory is trying again. Industry executives to Tokyo and the United States say there is also strong interest in an SX-3 has been expressed by the Houston Area Research Center, a consortium involving several Texas universities that is currently using an earlier NEC machine, the only one installed in the United

States.

The Japanese point out that the supercomputer accord between the two countries early this year—after a previous one failed to open the Japanese market—bars nationalistic preference when either government purchases supercomputers.

The agreement, they say, cuts both ways, a point the United States readily concedes, at least in principle.

"This is the case that proves the axiom that it is impossible to sign any agreement with Japan that within 12 months does not accomplish precisely the opposite of what you had in mind," an American trade negotiator complained recently.

It also shows how intensely political the supercomputer battle between the two countries has become. In the last few months the Japanese government has begun to clamp down on Japanese computer manufacturers that offer enormous discounts to Japanese universities willing to purchase their machines rather than American models.

Tohoku University, one of Japan's better research institutions, was recently virtually ordered to install a machine made by Cray Research Inc., an American company that is the world's largest and best known supercomputer maker.

Meanwhile, in the United States, researchers who want to buy Japanese machines say they have been blocked by fears of a backlash. At issue is spending millions of tax dollars on a product intended to challenge an American industry that the Pentagon has called vital to the industrial strength of the United States.

For the Japanese, the SX-3 is more than a supercomputer; it is a point of national pride.

(Reuters, AFP)

## Beijing Opens Bond Market

China unveiled its first nationwide computerized trading network for Treasury bonds and its operators were hopeful that it could one day be expanded to include stocks as well.

The Securities Trading Automated Quotations System, or STAQS, lets 18 securities firms and state investment corporations in Beijing, Shanghai, Shenyang and the Shenzhen special economic zone buy and sell bonds in real time.

Western diplomats view STAQS as a milestone on the road to convincing wary Communist Party leaders that a full-fledged securities industry is the best way to raise capital for industrial expansion in China.

"There's no shortage of financial capital," one diplomat said. "The problem is mobilizing it." More than 1 trillion yuan (\$190 billion) is now idle in personal bank accounts in China.

In a possible sign that they still have their doubts about securities, prominent Chinese leaders were not present at a dinner Wednesday to celebrate the first day of STAQS trading. The most senior dignitary was Zhang Jingfu, minister of finance in the late 1970s and now a senior member of the Communist Party's influential club of elders, the Central Advisory Commission.

The Stock Exchange Executive Council's Harvard-trained vice president, Wang Boming, said that the hopes STAQS could be expanded to include trading in stocks as well as bonds.

"We really hope that some companies will have their stocks listed," Mr. Wang said. "The sooner the better. But there are problems." It is up to the government to decide, he added.

He speculated that it might also be possible one day for foreign brokers to join the system, particularly if stocks of Sino-foreign joint ventures become listed. But it has not yet been decided whether to allow foreign companies to trade on the exchange, Mr. Wang said.

Diplomats said that because of regional rivalries and infighting between the central bank and the Finance Ministry for control of STAQS, a unified Chinese stock market is still a long way off.

## The Great Disentangling - Hong Kong World Links

by Derek Ingram

An extraordinary amount of international legal that their interests and welfare will be safeguarded and kept in line with international standards.

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garde by workers in Hong Kong as important in ensuring that their interests and welfare will be safeguarded and kept in line with international standards.

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parent.

In terms of administration, one major component will remain in place exactly as before - the legal system. The courts and system of justice will continue to be British. This will require close cooperation with the judiciary in the 50-nation Commonwealth. Nothing could be more different than the Chinese and British legal systems.

The Joint Declaration specifically lays down that laws previously in force will continue, "save for any that contravene the Basic Law" - the

**From now until 1997 Chinese and Hong Kong lawyers will be continuing and exercise that began almost as soon as Britain agreed to return the colony to China - the renegotiation of hundreds of international agreements, some dating back 150 years.**

document drafted jointly by the Hong Kong and Chinese representatives.

The only major change will be the machinery for appeals, which till now has involved referral to the British Privy Council. That will cease and instead a court of final appeal will be set up in Hong Kong. Apart from the retention of the legal system, the main links to be kept from the past will be through people-in other words, the non-governmental organisations (NGOs).

Many of these are the Commonwealth and attempts are being made in the years leading up to 1997 to strengthen these connections.

The British and Hong Kong governments support efforts to increase the links of Hong Kong people with Commonwealth professional organisations, such as those of the lawyers, architects, doctors and educationists. The Hong Kong Journalists Association has recently affiliated with the Commonwealth Journalists Association.

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## Bombing of biological plants may help spread epidemics

LONDON, Feb 6: Allied bombing of suspected Iraqi biological weapons plants could allow epidemics to spread through the Gulf and beyond, British experts said on Monday, reports Reuters.

"It is the case that biological facilities have been bombed, that is about the most stupid and dangerous thing you can possibly do," said Steven Rose, Professor of Biology at the Open University.

The danger is of releasing very long lasting Toxic Micro-Organisms into the environment," he said.

Rose, a specialist in the effects of chemical and biological warfare, presented his findings in a briefing paper for the committee to stop war in the Gulf, an Anti-War Umbrella Group.

Many potential biological agents, such as Anthrax and Bubonic Plague, are very hard to guard against, experts say.

The Allies say bombing raids have inflicted severe damage on Iraq's chemical and biological war fare facilities.

Iraq says one factory the Allies claim was a biological plant in fact produced baby milk formula.

Rose said chemical weapons plants could be neutralised comparatively safely but the dangers were much higher if bombing allowed biological agent to escape.

Dr. Philip Sabin, a Defence Analyst at King's College, London, said the release of biological agents "could cause epidemics".

In an interview with independent television news, he

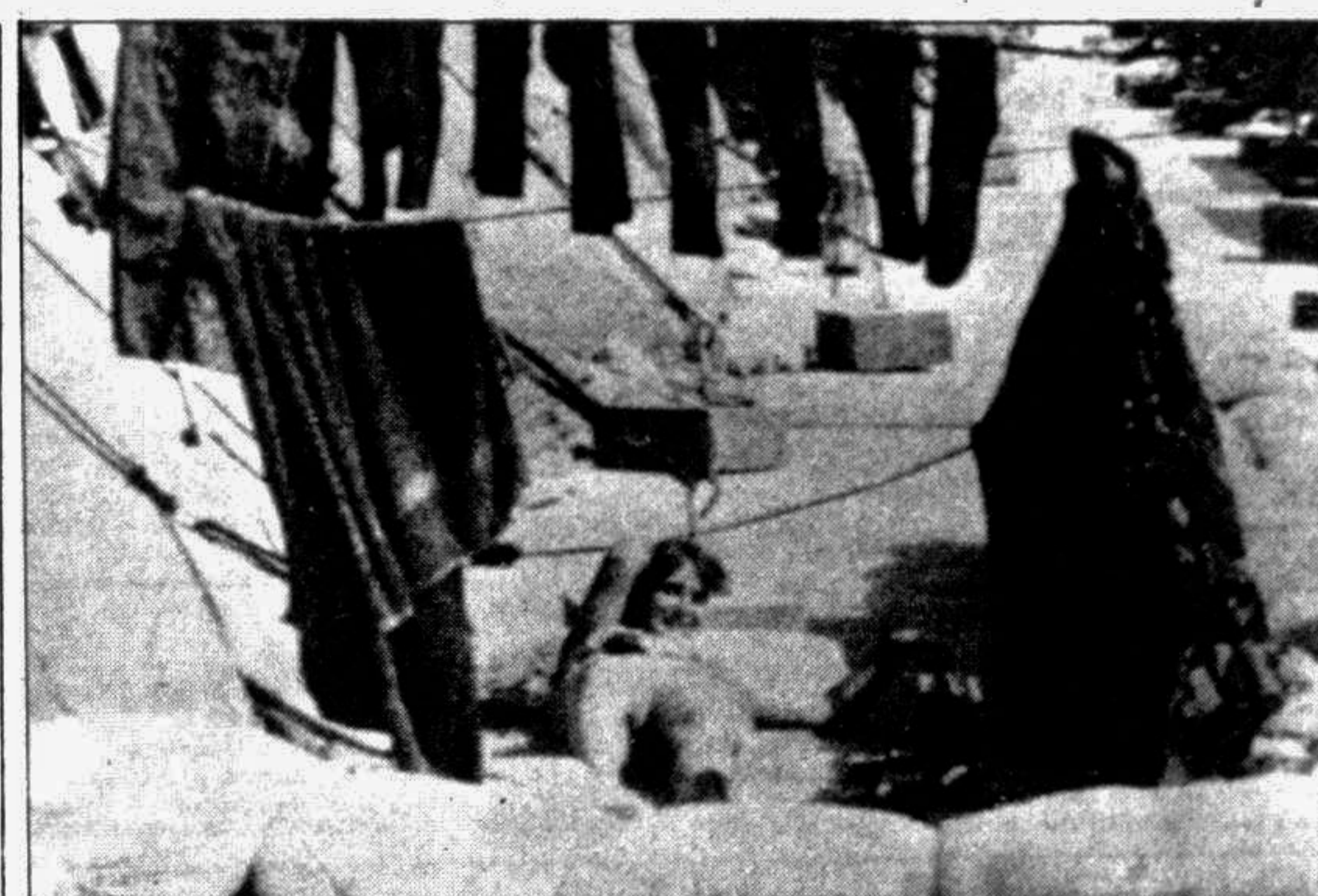
said that if Iraqi nerve and mustard gas plants were bombed, the immediate area would become highly toxic but the danger would not spread.

Chemicals used in war fare have a comparatively short life.

Rose said the evidence suggested that once released into the atmosphere, biological agents could spread quickly.

"The chances of it moving back to Europe either with a human carrier or through a wind-borne organism are high," he said.

Allied troops in the Gulf have been given protective suits, respirators and antidotes to protect them against chemical biological attacks. They have also been vaccinated against anthrax.



SAUDI ARABIA: Private Vicky Thrower, a driver in a British Logistics Regiment, enjoys the Saudi Arabian sunshine while waiting for her laundry to dry, February 3. Her unit supplies the frontline British troops.

## 3,500 pieces of sophisticated artillery with Iraqi troops

WASHINGTON, Feb 6: With some 3,500 pieces, Iraq's heavy artillery is superior to that of the Allies in both number and range, analysts say, reports AFP.

According to Jane's Defence Weekly, Iraq has an estimated 300 to 400 of the world's most sophisticated towed cannons - the Austrian-made Noricum and the South African G-5 - probably under the control of the Elite Republican Guards.

Both are 155mm weapons, and can lob shells at targets some 40 kilometers away. No Allied cannon, at least on paper, can match that range.

The Iraqis also have a wide variety of Soviet-made towed cannons, of 122mm and 152mm, as well as 105mm and 155mm cannons made in Italy and the United States.

Iraq's self-propelled artillery guns include 122mm and 152mm models from the Soviet Union, as well as 155mm US-made and French-made guns captured in Kuwait and French pieces.

Iraq also has the French self-propelled 155 AU. GCT - a 155mm cannon mounted on a tank chassis with an automatic

loading system that allows it to fire six times in 45 seconds. It can transport 42 shells. Iraq has bought 85 of the weapons.

With the help of a kit developed by a Canadian engineer, the Iraqi military has also re-bored some of its 130mm Soviet pieces to make them 155mm. The engineer, Gerald Bull, died under mysterious circumstances in Brussels several months before the Gulf war began.

Mr. Bull had also taken part in the development of the Noricum and the G-5 and their special long-distance shells.

**Malaysian aid for war victims**

KUALA LUMPUR, Feb 6: Malaysia will offer aid to victims of the Gulf war, no matter which side they are on, Prime Minister Mahathir Mohamad said today. The official Bernama news agency said the Government had approved an initial allocation of 100,000 ringgit (about 37,000 dollars) for Jordan, which has been facing a massive influx of refugees since Iraq's August 2 invasion of Kuwait, reports Reuter.

and in research on a so-called "Supergun" begin developed by Iraq. Parts of the mammoth weapon were seized last year in Europe.

Mr Bull also evaluated for the Iraqis a pair of the New Self-Propelled Cannons, the 155mm Al Majnoun and the 210mm Al Fao.

Ajne's Defence Weekly said the cannons were never mass-produced, but that the Al Fao might be the longest-range cannon anywhere - capable of firing a special shell, like those launched by the Noricum and the G-5, over a distance of 57 kilometers.

Iraq has a large number of multi-tube rocket launchers - modeled after the Stalin organ - Soviet-made 122mm models, and Brazilian-built 127, 180mm and 300mm.

To aim it's artillery arsenal, the Iraqis have British-made cymbeline firing control systems: An estimated 1,500 in Kuwait and another 1,000 in areas along the Iraqi border with the neighboring Emirate.

Other targeting systems possessed by Iraq include the French-made Attila, which is mounted on an AMX 10p Chassis, allowing it to be used along with the 155 AU.GCT.

## Survival battle

TOKYO, Feb 6: The Gulf war, described by Japan's ruling party as the country's biggest crisis since World War II has hurled Prime Minister Toshiki Kaifu into his own battle for survival, political analysts say. Many members of the ruling Liberal Democratic Party consider Kaifu the feeblest Premier since 1945, but accept he was the only suitable candidate when he took the job two years ago, reports Reuter.

**Firms named**

BONN, Feb 6: The weekly Der Spiegel on Saturday reported the names of a number of German Companies which it said had helped Iraq modify its Scud-B missiles. Secretary of State at the chancellery Lutz Stavenhagen said on Thursday that several German firms had violated German law on exporting sensitive technology by assisting Iraq in increasing the range of the Scud missiles from 350 to 800 kilometers (215 to 500 miles), reports AFP.

**'Colonialist malice'**

NICOSIA, Feb 6: Iraq has denounced the detention of 33 of its students in Britain, describing the move as cowardly and accusing the British government of harbouring "colonialist malice" towards the Iraqi people, reports Reuter.

## Syrian positions in S Arabia attacked

SAUDI ARABIA, Feb 6: Iraq forces attacked two Syrian troop positions in northeastern Saudi Arabia with infantry and artillery a US marine spokesman said on Tuesday, reports AFP.

In a surprise raid, the Iraqis overran and apparently occupied one Syrian position, but were repulsed by another.

A Saudi military spokesman said earlier in Riyadh that Syrian troops repulsed a small group of Iraqi soldiers who tried to cross into northern Saudi Arabia on Monday, the first time Syrian troops have gone into action in the Gulf war.

Colonel Ahmad al-Robayan told a press briefing there that the Syrians had repulsed some 30 Iraqi soldiers, exchanging small arms of fire with them and that the Iraqis had also fired rocket propelled grenades.

Syria has approximately 15,000 troops participating in the Allied forces arrayed against Iraq.

Damascus has stated it was in the coalition in a defensive posture only, and would not participate in direct attacks against Iraq.

## Iraqi soldiers being bombed every 3 hrs

RIYADH, Feb 6: Iraq's elite fighting force, the 150,000 strong Republican Guards, are being pounded by US B-52 bomber strikes every three hours, a senior US military officer said Tuesday, reports AFP.

"If you just look at it legitimately, logically, you know they're taking a beating," said the US officer, who spoke on condition of anonymity.

"If they're not taking it with sharpnel, they're taking it just psychologically," he said. "Because within every three hours they're getting a B-52 strike on one of the Republican Guards, every three hours."

You just put that in perspective, I'd be an unhappy camper if it were me, the US officer said.

The logistic and supply infrastructure around these Republican Guard has taken a hell of a beating," he said. "If you take that and you put that over on their forces themselves, they're taking a beating too."

He said depriving the members of the Republican Guards from sleep was an element of the round-the-clock bombing campaign, but added, "we want to do more than just keep them awake."

The senior US officer said it was hard to assess the damage being done to the deeply dug-in Republican Guards.

"These folks are good about

deceiving how well we're doing with the bombing campaign," he said.

"They do use decoys," he said, "and as soon as a B-52 run is over I would not doubt they're out there policing up the area to make sure that our BAD (Bomb Damage Assessment) results do not show a lot of damage."

Top US officers have said repeatedly that destroying the Republican Guards is considered the key to breaking the morale of the regular Iraqi army in Kuwait.

The B-52, the heaviest bomber in the US air force, is capable of carrying a load of 50,000 pounds (22,700 kilograms) of bombs which can wipe out everything in an area about half-a-mile (0.8 kilometers) wide by two miles (3.2 kilometers) long.

**No attack on holy shrine, Bush assures Nawaz Sharif**

ISLAMABAD, Feb 6: US President George Bush phoned Pakistani Prime Minister Nawaz Sharif to assure him Iraqi civilians and Islamic shrines were not targets of Allied bombing raids, a spokesman said Tuesday, reports Reuter.

Sharif's spokesman said Bush had phoned Islamabad in the last few days to discuss the Gulf war and hear the Prime Minister explain his recent efforts to promote an Islamic peace overture.

He said that only the Gulf was discussed, and not Washington's fears that Pakistan was building nuclear weapons, which led to a suspension of US aid last October and soured relations between the two nations.

Sharif, under increasing pressure from public opinion siding strongly with Iraq leader Saddam Hussein in the war, on Monday defended Pakistan's decision to send 11,000 troops to help defend Saudi Arabia.

But he has condemned what he called indiscriminate bombing of Iraq by allied aircraft and urged that the Islamic shrines in Iraq should be declared peace zones.

## UN food supply

VIENNA, Feb 6: The UN agency for Palestinian refugees said on Thursday it had begun distributing emergency food supplies to residents of Israeli-occupied territories trapped at home under a strict curfew, reports Reuter.

## New Italian commander

ROME, Feb 6: Italian Defence Minister Virgilio Rognoni today replaced the Gulf war fleet commander whose remarks caused a row in Italy. Brigadier General Enrico Martinotti has been appointed as commander of Italy's 20th sub-fleet in the Gulf, reports Xinhua.