

### UK asks Sheikh Zaid to inject more cash into BCCI

LONDON, July 7: The British government has asked the ruler of Abu Dhabi to inject fresh cash into collapsed Bank of Credit and Commerce International SA (BCCI), the Bank of England said today, reports Reuter.

Sheikh Zaid Bin Sultan Al-Nahayan and his family control 77.4 per cent of BCCI, which had its assets frozen on Friday following allegations that senior executives fraudulently tried to conceal losses which had brought to the brink of collapse.

The shareholders in BCCI, that's mainly the royal family, have injected capital into the bank in the past and it is hoped they will do so again," a spokesman for the British central bank said.

The Bank of England has been at the forefront of a worldwide operation to close down BCCI, which operates in 69 countries and has assets of about 20 billion dollars.

The Bank of England spokesman said Britain's ambassador in the United Arab Emirates, Graham Burton, put the request for funds to Sheikh Zaid, who is also President of the UAE, though as yet there had been no formal reply.

The money would be used to help ensure the orderly winding up of the bank's operations.

The UAE news agency WAM said Sheikh Zaid left for Europe on Saturday but did not say where he was going.

About 750 million pounds sterling (1.2 billion dollars) were deposited with British branches of BCCI, of which 250 million pounds (405 mil-

lion dollars) were held by British residents.

Many of BCCI's British customers came from among the Asian business community. BCCI was founded in 1972 by Pakistani banker Agha Hassan Abedi, who resigned in 1990 after undergoing heart surgery two years earlier.

Court-appointed liquidators moved in at the weekend to investigate BCCI's 25 British branches, but warned it might take some time to unravel the troubled bank's complex financial affairs.

Customers with sterling deposits in the British branches can apply for compensation from the Bank of England's Deposit Protection Fund.

This provides for compensation equal to 75 per cent of a customer's savings with a maximum payout to any one depositor of 15,000 pounds (24,000 dollars).

The Bank of England spokesman stressed there was no chance of the fund running out of money even if Sheikh Zaid turned down the request for fresh capital.

AP adds from Karachi: Frightened depositors of the troubled Bank of Credit and Commerce International withdrew millions of dollars from branches in Pakistan after the bank's assets were seized in seven countries, officials said Sunday.

Pakistan's finance minister, Sartaj Aziz, said the government would not freeze BCCI assets. "They are doing fine. We don't have any complaints," he said.

### Bangladesh Bank

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penses. But I am at a loss when I came to know the suspension order."

The executive was reacting to sudden closure of the Bank on Saturday. Most of the BCCI employees were stunned, visibly annoyed.

A Bangladesh Bank squad sealed the bank vault, seized all computer programmes and blocked the power supply to the computers on Saturday. All the papers and documents were also seized.

An unconfirmed report suggests that the central bank team found cases of irregularities in a number of areas. Many loan cases were found to be without proper documentation. BCCI's involvement in non-banking activities has also been detected, the report said.

All these irregularities will place the official liquidator in a difficult position to realise the maximum number of loans.

A Bangladesh Bank source said, BCCI's total loans and advances in Bangladesh stands at Taka 288 crore in local currency and Taka 10,000 crore in foreign exchanges (dollar equivalent) as on July 4, 1991.

On Sunday, Bangladesh Bank has decided to appoint two chartered accountants to ascertain the assets and liabilities of the Bank. The General Manager, Banking Inspection Department of Bangladesh Bank has been assigned to oversee the BCCI affairs. Without his approval, no banking activities of the Bank will be allowed to take place, said the Bangladesh Bank source.

Asked if the partial operations of the Bank may commence shortly, a high official of Bangladesh Bank told The Daily Star that the possibility of a partial bank transaction was very slim. "Since we are going for official liquidation, how can we open the Bank for limited public transaction?" he said.

The Bangladesh Bank off-

cial was told that government authorities in India, Pakistan and Sri Lanka were asked by the Abu Dhabi head office of the BCCI to suspend the Bank's operations in those countries, but they rejected the suggestion.

The official seemed to disbelieve the contentions. "If this is a fact, it is pretty sure that this will be a one-sided operation. The Bank will go bankrupt in no time as all the deposited money will be exhausted," he said.

He said following the closure instructions from Abu Dhabi, no branch can operate anywhere in the world. "It will be suicidal," he commented.

On Sunday, there were widespread queries in front of all BCCI branches and booths about withdrawal of money. All the BCCI branches and booths were under lock and key. Heavy police contingents were deployed at all sites of BCCI branches.

Most of the foreign banks in the capital witnessed brisk business on Sunday. Heavy withdrawals were reported from all the foreign banks. On Sunday noon, shutters of a foreign bank at Dilukha were found closed.

According to another source, refund of clients' money will be determined on the basis of liquid assets of the BCCI being held at Bangladesh Bank and other banks both inside and outside the country in the form of cash, treasury bills, Bangladesh Government Securities, such as Prize Bonds, National Savings Certificates and National Security Certificates.

The banking company rules suggest that any bank to operate must have 25 per cent of its statutory reserve (time and demand liabilities) as liquid assets. The total value of BCCI statutory reserve could not be known.

If the Bank goes for the official liquidation, there is a provision of paying the depositors' money partially under depositors' insurance scheme in which BCCI contributed to. Under the system, a client is entitled to get one-third of his deposited money with the Bank soon after the liquidation of the Bank till final settlements of their claims.

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Old age

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Chowdhury said people definitely gain in experience as they grow old. But this does not mean people continue to remain creative at old age, she said spelling out a line from a famous Nazrul song 'dristitey ar hayna srusti ager mato golap phul'.

Another AL MP Sudhangshu Sekhar Haldar, however, expressed a different opinion. According to him 60 years is no age these days. People now start counting age from 50.

DESAs

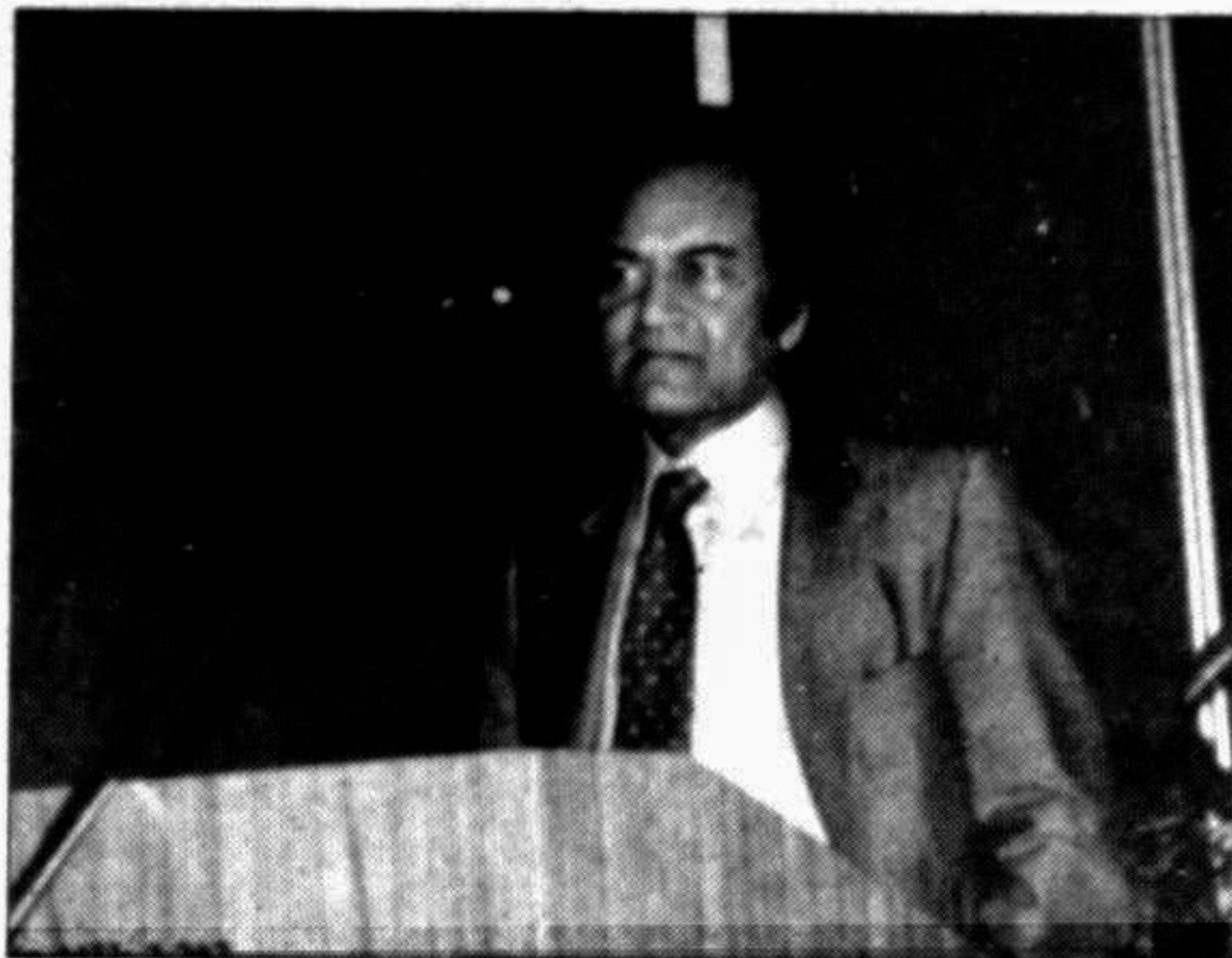
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PDB's system loss has gone up to 42 per cent, said to be the highest in the world, forcing the government to fix power tariff at extremely high rate.

### Profile : The man behind BCCI

# Abedi leaves behind a sad legacy

By S M Ali



Agha Hasan Abedi speaking at a function during one of his visits to Dhaka.

He flew around the world in his executive jet, befriended heads of states and past presidents in different continents, launched prestigious journals on problems of developing countries, offered million dollar awards to outstanding protagonists of Third World causes and emerged as the most colourful, yet also a somewhat mysterious, personality on the global banking scene.

However, for Agha Hasan Abedi, the founder-chief executive of the Bank of Credit and Commerce International (BCCI), an Indian immigrant settled in Pakistan, with a luxurious home in London, it was his banking job that took him to the peak of his international success and, in a matter of years, brought him down in disgrace and sickness.

Those who know him personally say that the incredible career of this 67-year-old banker has all the elements of a Greek tragedy. It has evoked a great deal of admiration among close associates, envy among competitors and rivals and outright hostility from the anti-Third World circles in the West, among whom, some say, the Jewish lobby in the United States has played a leading role.

For Abedi, an outgoing personality but who guards his personal life most zealously, perhaps a minor consolation is that he has been living in retirement in Lahore during past three years, while all hell broke loose over BCCI, first in the United States and then in other major financial centres like London, Japan, Abu Dhabi, Luxembourg and the Cayman Islands. After a massive coronary attack when he received a heart transplant, he handed over the charge of BCCI to his deputies, and settled in Pakistan. BCCI sources say that privately he keeps in touch with what goes in the Bank, "in a state of helplessness and anguish".

These close associates still hold Abedi in awe and esteem, in recognition of the fact that

in less than two decades, he had turned BCCI into the 14th largest private bank of the world, with assets running to over US\$20 billion worldwide, and branches and subsidiaries based in all different continents. He bought up ailing banks in places as far apart as Spain, Hong Kong and the United States and made them into profitable operations.

While much of what Abedi did has evoked admiration, there exist serious misgivings about his working style in banking circles. The general feeling is that it has been innovative but controversial and, at times, it tended to go against established banking rules. No one can say how much he personally knew of what was going on in some of his branches in South America and the United States in laundering drug money. If he was not fully in the picture, one could blame him for his negligence in supervision.

Yet another accusation made against the Pakistani banker relates to his reliance on public relations. He brought into his operation several top level bankers of the Third World who included former governors of central banks, chief executives of commercial

institutions and even former cabinet ministers and ambassadors, many from South Asian countries. However, it is said, he used them only as trouble-shooters, somewhat like ornaments, without placing them in the decision-making system. Consequently, frustration was building up among these experts while Abedi was still running the show in full vigour.

If Abedi brought in top level bankers from developing countries, he also hired young bankers, mainly from India, Pakistan and Bangladesh, who were either children or close relatives of prominent politicians, past presidents, prime ministers and civil servants. It was said to be his way of establishing contacts in the "right circles". Many of these young bankers, some of whom are of excellent calibre, are now out of jobs, with little immediate prospects of finding alternative employment due to the tarnished image of BCCI. As one young recruit puts it, "Which bank will employ a banker who had handled drug money or a president's ill-gotten wealth?"

This is a sad legacy left behind by Agha Hasan Abedi.

While financial circles may have much to say against the

working method of Abedi, the banker, this writer, who met BCCI chief a few times in Hong Kong, London and Kuala Lumpur, felt a strong admiration for his commitment to the causes of the Third World.

Almost soon after setting up BCCI in early seventies, he helped in establishing the Third World Foundation which brought out two high-quality magazines, the monthly "South" and the "Third World Quarterly" and, in a highly innovative move, collaborated with the British daily, Guardian, in producing the weekly Third World Review. The Foundation also offered awards to outstanding personalities who promoted the interests of the developing world, such as Willie Brandt, Raul Prebisch, Nelson Mandela and Julius Nyerere.

Abedi worked with former US President Jimmy Carter and set up a "Think Tank" to help in tackling the food shortage in Africa. With encouragement from the late Indira Gandhi and the late President Ziaur Rahman, he set up BCCI Foundations to carry out philanthropic projects in South Asia, including in Bangladesh.

In 1986, Abedi went to Malaysia and, in cooperation with Prime Minister Dr Mahathir Mohamad, set up the South Commission, to identify areas of cooperation among developing countries. The Commission which has completed its report was headed by Dr Nyerere of Tanzania as its Chairman and D. Monomohon Singh, the newly-appointed Finance Minister of India, as its Secretary General. Prof Rehman Sobhan of Bangladesh served the Commission as a part-time consultant.

Commenting on the BCCI disaster, someone who knows Abedi well said yesterday, "We should forget his lapses as a banker and remember him as an exponent of the Third World causes." But this seems hardly possible. And herein lies an irony.

### The Midnight File

#### Transit facilities : Pakistan denies report

ISLAMABAD, July 7: Pakistan today denied it had withdrawn transit stay facilities for Indian nationals as reported earlier, a foreign office spokesman said here. He clarified that only those passengers who did not carry valid visas would not be allowed to leave the airport. This applied equally to all foreigners and Indian passengers were not being discriminated against, he said, reports AFP.

#### Jordan lifts martial law

AMMAN, July 7: Jordan on Sunday lifted martial law which was first introduced in 1967, a royal decree said. The decision taken by King Hussein put the seal on a government recommendation made today by Prime Minister Taher Maasi and his cabinet, officials said. Martial law was imposed in the wake of the Arab-Israeli war of June 1967, reports AFP.

#### PPP to challenge Rathore's ouster

ISLAMABAD, July 7: Former premier Benazir Bhutto's party has decided to challenge in court the sacking of Kashmir's prime minister who was arrested last week, the official Associated Press of Pakistan (APP) said today, reports AFP.

#### JP women

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staged a protest rally in front of the Jatiya Press Club. They demanded the removal of the Attorney General for his utterance against deposed President Ershad on July 3. It was wrongly reported in a particular leading daily of Dhaka that the Attorney General had shouted at Ershad "You bloody shut up" when he was making an out of the way statement.

The paper however published a rejoinder of the Attorney General on the following day which stated that he did not utter the words as reported.

But the newspaper report created anger among the supporters of Ershad.

When contacted for his reaction on the incident, Attorney General Advocate Aminul Haque said, "It is an obstruction in the course of justice".

He said that demonstrations in front of the house of any Prosecution Lawyer was tantamount to contempt of Court.

He said that any dispute regarding the Prosecution or any incident during the Court proceedings should be resolved by the Court as the prosecution is a part of the Court.

He also referred to the statement by Moudud Ahmed and Shah Moazzem Hossain, both of whom are lawyers. He said that they ought to have made a query with the Prosecution lawyer as to the veracity of the statement.

The Attorney General said that the matter was highly deplorable because of the fact that the incident took place he had appeared for case in the High Court Division in which Moudud Ahmed appeared for the other side, and as a lawyer of decency and decorum he ought to have made a query either from him (Attorney General) or from the Court on the correctness of the statement.

#### Judges

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criticism of the Opposition members. About 60 members of the Opposition have given notice against the bill. Among them about 40 members participated in the discussion yesterday. The Law Minister, however, did not pass the bill.

Opposition members taking part in the discussion said that if the bill was passed it would create a discrimination among the members of different cadres.

They said that when recruitment in different government services had been stopped in the name of limiting the recurring expenditure there was no justification in increasing the age limit only for a section of cadre services.

They said that only the judiciary would benefit from the law and that the total number of beneficiaries would not be more than 600.

They said that the law was a bad law and the Opposition could not be party to it.

The discussion was participated, among others, by Matur Rahman Nizami, Rahmat Ali, Tofael Ahmed, Suranjit Sengupta, Abdus Sobhan, Motiia Chowdhury, Sajeda Chowdhury.

The Speaker closed the discussion on the issue at around 9 pm last night.

### Major student bodies blame each other for campus violence

By DU Correspondent

Different student organisations held demonstrations on the Dhaka University campus on Sunday demanding arms freedom and accusing each other for terrorism.

The Jatiyatabadi Chhatra Dal rally held at the foot of the 'Oparajeo Bangla' monument accused the Awami League backed Chhatra League (A-A) of unleashing a reign of terror on the campus. It also demanded announcement of DUCSU election date within 10 days.

Speakers at the rally also accused the BCL (A-A) of killing earlier of Mahmudur Rahman, a BCL (N-S) activist and urged the law enforcing agencies to crackdown on the alleged killers.

The rally was addressed by Fazlul Huq Milon, Khairul Kabir Khokon, Nazimuddin Alam, Ilias Ali, Habibunnabi Sohel and Ali Akkas Nadim.

Speakers at the BCL (A-A) rally accused that the JCD, backed by the ruling BNP was harbouring terrorists and also that the law enforcing agencies were harassing their activists while not apprehending the 'real culprits'.

They also demanded withdrawal of cases filed against nine student leaders in connection with the assault of Jamaat-e-Islami leader Matur Rahman Nizami on the campus in May.

Gulam Mostafa Suzan and Quamruzzaman Ansari, President and General Secretary respectively of its Dhaka University unit addressed the rally.

Meanwhile, adequate security measures were taken by the university authorities to keep up the congenial academic atmosphere on the campus.

Police were posted at all the strategic points of the campus and the hall authorities were on duty at the hall gates to check infiltration of unauthorised persons and arms.



A Dhaka University Syndicate team led by Vice-Chancellor Prof Moniruzzaman Mia called on Prime Minister Begum Khaleda Zia her Secretariat office. —PID photo

### Flood control

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Development and Flood Control M Majidul Haq was present. A document of acceptance was also signed on behalf of the two countries. The meeting discussed continuation of the current Bangladesh-China cooperation on flood control, river training and harnessing of water resources in Bangladesh under an institutional framework.

The Chinese side agreed to consider the Bangladesh proposal for establishment of the Bangladesh-China joint technical advisory committee on flood control, river training and water harnessing to provide and institutional framework for a long-term cooperation between the two countries.

Possibilities of technical assistance from China towards Bangladesh's efforts in this respect was also discussed and it would continue.

Wang also called on Minister for Irrigation, Water Development and Flood Control M Majidul Haq and discussed matters of mutual interest. Bangladesh government approached the Chinese government for extending technical assistance and cooperation for conducting studies on flood control and river training of the Brahmaputra in Bangladesh in the wake of the floods of 1987 and 1988 which caused widespread loss of lives and damage to property.

The Chinese government promptly responded to the Bangladesh call by concluding a contract for joint technical study on flood control and river training project of Brahmaputra river under Bangladesh-China technical cooperation under the contract, a Chinese experts team

### Khaleda

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came to Bangladesh in November, 1989 and carried out studies in association with Bangladesh experts with their experience gained from Yellow, the Pearl and the Yangtze rivers. The Bangladesh-China joint expert teams through their hard work and dedication completed the studies in March this year. The studies, in addition to flood control and river training, included improvement of flood forecasting and warning system and strengthening capability of fighting floods.

The study report is considered to be a unique one in that never before has any study suggested to tame the mighty river like Brahmaputra. The plan envisages stabilization of the Brahmaputra within embankments set about 12 km apart on the right and left banks and to regulate the flow through only two channels having a total width of five km from Bahadurabad down to the Jamuna bridge site and through one channel below that site with a 4.5 km width.

Innumerable shoals and sandbars, which obstruct navigation, will become integrated in clusters resulting in a total landmass of about 83,000 hectares. This relatively stable land area will not be inundated in normal years and would produce two crops annually. Reduction in number of flow channels will immensely help navigation and fisheries.

Above all, no more land will be lost into the river due to erosion. The study report has also outlined plans for flood control and river training of the Brahmaputra to achieve several objectives. The objectives are: safeguarding lives and livelihoods, minimizing potential flood damage, creation of flood-free land.

#### JUCSU polls

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The elected VP defeated his rival Md Jahangir Alam of JU Students Action Committee (JUSAC) by a margin of only ten votes.

In total three panels namely JCD, JUSAC and Samajtantrik Chhatra Front (SCF) took part in the election. Among them the SCF failed to gain any post.

JUSAC candidates were however able to bag six of the hall union posts. They won the Vice-President post of the Nawab Faizunnesa Hall, AOS post of Shahid Salam Barkat Hall and six posts in the Fazilatunnesa Hall including the VP and the GS posts.

In the JUCSU, Md Mintu of the JCD tied with Manosh Kumar Chowdhury of the JUSAC with a total of 865 votes for the Literary Secretary post.

Official sources said that the two will share the term between them.

The official results were delayed and were announced at 8:30 Sunday morning because of the recounting of votes for the VP and the Literary Secretary post.

The other elected JUCSU members are Assistant General Secretary - Md Raffiqul Islam, Commonroom Secretary - Md Azmal Amin Tutul, Women's Commonroom Secretary - Saima Sultana Jharna, Social Welfare Secretary - G M Harunur Rashid, Social Recreation Secretary - Md Aminul Haq (Alam), Drama Secretary - A S M Nurur Rashid Bobby, Sports Secretary - Md Amir Hasan Chowdhury, Tushar, Assistant Sports Secretary - A K M Wahiduzzaman.

Md Qayyum Jaman, Mahabuddin Ahmed, A K M Shaifuzzaman, Md Samsul Tabriri, Md Rajjak Mollah were elected JUCSU members.

JCD brought out a spontaneous procession to celebrate its victory.

#### BCCI clients

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its branches in Bangladesh to close down business from July 6, 1991.

This instruction also stipulated that Bangladesh authorities would be responsible for all consequence if the BCCI continued its operations in Bangladesh and that Bangladesh authorities would have to furnish a legally enforceable guarantee to the BCCI to that effect.

Such unusual stipulation virtually precluded opening of the Bank for business from that day.

Operation of branches of the BCCI (Overseas) Ltd has, therefore, been suspended with effect from July 6, 1991.

Bangladesh Bank has appointed one of its General Managers as Observer as provided for under the Bank Companies Act, 1991 to monitor the affairs of the BCCI in Bangladesh.

At the end of June, 1991 BCCI had a local deposit of about Taka five hundred crore and assets of about Taka five hundred fifty crore.

Ratio of assets to liabilities indicate that there is no cause for concern for the depositors. However, for determining the quality of the assets, Bangladesh Bank is conducting a special audit.

Meanwhile, the central office of the BCCI in Abu Dhabi has been notified holding it jointly and severally liable for any damages and for indemnification and reimbursement of such damages by it for damages suffered by Bangladesh and Bangladeshi concerns and citizens as a result of its decision to stop BCCI operation in Bangladesh.

Such notice has also been sent to the Central Bank of the UAE.

Bangladesh Bank has also requested the Bank of England to protect the interest of Bangladesh deposit holders when it settles claims of the depositors.

According to latest available information BCCI operation has been suspended in India with effect from July 6, 1991.

The Reserve Bank of India has also appointed Observers to monitor the BCCI affairs in India.

Though BCC (Hong Kong) Ltd is a separate entity from other BCCI Groups, still the Hong Kong authorities have appointed Advisors to monitor the affairs of the Bank there.

Available information also indicate that operation of the Bank has been suspended in the Middle East as well, including the UAE.