

Indian BCCI depositors to get refunds after liquidation

BOMBAY, Aug 13: The official liquidator of India's branch of Bank of Credit and Commerce International (BCCI) assured local clients that their deposits were safe even though the institution had collapsed, reports AFP.

"BCCI's Indian depositors will have little to worry about," said SM Parande, the New Delhi-appointed BCCI liquidator, amid fears that long delays in the liquidation process could jeopardise the business of several firms with BCCI accounts.

Parande assured BCCI's 8,000 clients over the weekend that not only would depositors get a full refund on their accounts, but that there would be a surplus of assets after the bank's total liquidation.

BCCI's Indian assets total 5.2 billion Rupees (325 million Dollars) against total deposits of 3.8 billion Rupees (238 million Dollars) and advances of

1.8 billion Rupees (115 million Dollars), according to its 1990-1991 balance sheet.

As much as 2.8 billion Rupees (178 million Dollars) of its deposits came as remittances from Indians working abroad and Parande, a senior State Bank of India official, said Indian banking rules had saved the depositors from losses.

Meanwhile, the BCCI issue surfaced again Monday in parliament in New Delhi where the opposition accused the bank of channelling unaccounted money from Indian businesses of bank accounts abroad.

Opposition leader George Fernandes accused the bank of swindling the country of almost 30 million Dollars through a fake passport scam and said it had channelled unaccounted funds worth almost 50 million Dollars of a large business to bank accounts abroad.

Fernandes accused Finance Minister Manmohan Singh of misleading parliament last week by officially clearing BCCI's operations in India and reiterated charges that the collapsed bank had acted as a conduit for money-laundering.

Other opposition MPs interrupted proceedings for some time in the lower house demanding a government assurance to debate the activities of the bank at a later date.

The Reserve Bank of India (RBI) moved quickly and ordered the liquidation of BCCI after it collapsed worldwide July 5 to prevent an outflow of funds from its Bombay branch to pay liabilities elsewhere.

Half of BCCI's Indian assets are held either as deposits with the RBI or in the form of inter-bank lendings and short term bills the liquidator said adding that this money was easily realisable.

He said recovered of most of the loans given out by the

now closed BCCI would also not be difficult adding that the bank's property in this city was worth another 31 million Dollars.

Reports have said several foreign banks were hoping to buy the BCCI branch, the only one in India.

Liquidators had already recovered one billion rupees (62.5 million Dollars) owed to the bank since July 15.

Reuters adds from Manama: The Bahrain Monetary Agency (BMA) said on Monday it had appointed international accountants Deloitte Haskins and Sells as administrators for the local branch of the scandal hit BCCI.

In accordance with the Agency's law BCCI Bahrain branch shall remain under the administration of the agency who will be making an assessment of its financial position, a BMA statement sent to Reuters said.

Natural resources have negligible effect on development

Economic growth depends on skills and technology

Star Economic Report

Natural resource endowment or base has a negligible effect on growth potential of different nations. Rather, the progress of technology, increase in education and skills, and the vast accumulation of physical capital in which technology has been embodied have been the driving force in economic growth.

Economic historian Angus Maddison observes this in a background paper submitted to the World Bank as it prepared its recently released World Development Report 1991, says an economic news release by the United States Information Service (USIS).

The observations by Maddison, highlighting the lessons of long-run development experience of industrial countries, have a relevance to today's Bangladesh. As a least developed country (LDC) placed fifth from the bottom in the world economic atlas, Bangladesh is without much of any natural resources of its own.

His survey indicates that use of technology, increases in education and skills, and accumulation of physical capital make more differences among the economies, in terms of their development, than their natural resource endowment

or base.

Maddison documents the accelerating pattern of growth in industrial countries compared to developing countries in the modern era. He says the fundamental socio-economic factor, explaining the acceleration in the past two centuries, was the recognition in the west of "human capacity to transform the forces of nature through rational investigation and experiment".

He points to examples such as Japan, Taiwan, Korea and the Netherlands to support this position. Using land area per capita as a crude proxy for natural resource endowment, Maddison notes that Australia, despite being nearly 200 times better endowed than Japan, has a lower per capita Gross Domestic Product (GDP).

Although the dispersion in resource endowment is not as wide in the Third World, it is

still striking, and Maddison finds the same absence of correlation with growth. Taiwan, he notes, has a poor natural resource endowment similar to that of Japan, but is more prosperous than Argentina, whose resources per capita are not unlike those of the United States and whose per capita land area is nearly 50 times that of Taiwan.

"The sometimes perverse character of the relation between natural resources and per capita GDP suggests the operation of Toynbee's challenge-response mechanism," Maddison writes. "Where high natural resource endowment creates a renter mentality, inhibits some of the effort which successful growth policy requires, and disperses the fruits of the natural resource bonanza into wasteful spending."

Another major characteristic of the economically ad-

vanced countries is that they have accumulated large amounts of capital. But this does not appear in itself to guarantee more rapid growth. Maddison points out that the ratios of capital stock to GDP over time for Latin America "are not too different from those in European countries and Japan. I.e., there is the same rise in the ratios over time, and the ratios are within the range experienced in the advanced countries."

It is the combination of capital with technology, along with educational advances and an accommodating social and institutional infrastructure, that appears to provide the explanation of long-term growth.

Maddison notes: The past two centuries have witnessed economic growth in industrial countries vastly exceeding anything previously experienced in world history.

He suggests that the essential requirement for growth as experienced during this period has been technical progress. It also demonstrates the role of capital accumulation to put technology to work, and it underscores the need for institutional fundamentals, intellectual freedom and a legal system that facilitates free transactions in private markets and provides opportunities for entrepreneurs.

Another main pillar of Western capitalist civilization, Maddison says, was the scope it gave for entrepreneurship, the abolition of constraints on the buying and selling of property, establishment of a legal system that protected property rights, development of an accounting system and commercial codes that made contracts enforceable over a wide area and permitted rational calculus of profit and loss. Other factors were growth of trustworthy financial institutions and instruments, and a move to more predictable fiscal practices by governments.

Differential rates of population growth in industrialized and developing regions also have affected respective growth rates. The population growth rates of most of the advanced countries, especially European nations and Japan, have been modest over the long run, Maddison says, permitting a higher proportion of the population to work and allowing resources to be made available for good educational systems.

"A significant characteristic of the advanced capitalist countries is the effort they have made over the long run to raise the level of education of their populations," Maddison writes. The higher the level of education, the easier it is for a working population to understand and apply the fruits of technical progress. "It is difficult to be at all precise about the impact of rising educational standards on productivity," he says, "but most growth analysts consider it to have been substantial, and it is striking that levels of education are so strongly related to economic distance between nations."

Maddison's policy recommendations to developing countries, based on this historical experience:

- Provide universal and compulsory education up to age 15, and opportunities for high quality education beyond that. "This has been an essential characteristic of the Japanese model of catch-up, and is clear in the case of Korea and Taiwan as well."
- Encourage high levels of saving and investment, without which developing countries have no hope of reducing the productivity gap between themselves and the lead countries. Postwar experience, especially in Japan, Korea and Taiwan, demonstrates that the growth of capital stock can profitably be raised to high levels.
- Promote smaller family size and reduce fertility.
- Pursue responsible government fiscal and monetary policies.

Drug dealers used Bogota office

BOGOTA (Colombia), Aug 13: Telex machines at the Colombian subsidiary of scandal hit BCCI were used to order money laundering operations in Europe by a major drug trafficker Colombian news reports said on Monday, says Reuters.

The Bogota daily El Espectador and the weekly news magazine Semana published lengthy special reports on BCCI, whose branches in several countries were closed last month after fraud allegations.

The BCC Colombia continued to operate normally despite the crackdown, the bank was sold last week to a Colombian industrial group ginsky and its name will change to the Andean Bank.

The reports said BCC of Colombia had been linked to a multi-million Dollar account held at BCCI in Luxembourg by associates of Jose Gonzalo Rodriguez Gacha a Medellin cocaine cartel leader shot dead by police in December 1989.

Semana said that several officials of BCC of Colombia gave orders for deposits and withdrawals in Luxembourg from telex and fax machines in Bogota.

Some of the telex machines of the main office of BCC in Bogota were identified as the ones used to order foreign exchange transfers in laundering operations attributed to the same criminal (Gacha) by Luxembourg's Court of Criminal Instruction El Espectador said.

Senior officials of BCC of Colombia were unavailable for comment on the reports on Monday.

The reports said BCC of Colombia also set up a parallel off-shore bank in Colombia to gather Dollar deposits in violation of Colombian banking legislation. Semana said that in 1987 banking authorities found lists of deposits for more than 44 million Dollars at BCC of Colombia.

This money was destined for the Mercantile Bank of Nassau (Bahamas) which in reality had its centre of operations on the third floor of the main office of BCC in Colombia, Semana said.

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Special agency to oversee privatisation in USSR

MOSCOW, Aug 13: President Mikhail Gorbachev on Monday ordered the creation of a special agency to oversee the large-scale privatisation of Soviet state enterprises, reports Reuters.

A Presidential Decree, issued by the official Tass news agency, set up a special fund to manage the planned privatisation, a cornerstone of the transition to a market economy.

The order is clearly aimed at imposing some order on the rough-and-tumble process of denationalisation, which has seen the sale of some state property, including luxurious country homes, to senior officials at bargain prices.

The Decree said the fund, under the President's control, would represent the interests of the state in the sale and distribution of its property.

The agency, known in Russian as Soyuzgosfond, is to draw up terms and conditions for the sale of enterprises to the workforces or as shares to the public at large.

It is also to negotiate property claims with the Soviet Republics. A new union treaty spelling out future political and economic relations with the Kremlin is to be signed by the first republics on August 20.

Taiwanese firm bidding to buy HK subsidiary of BCCI

TAIPEI, Aug 13: Taiwan's giant Hualon Textile Group is bidding to buy the Hong Kong subsidiary of the Bank of Credit and Commerce International, a spokeswoman for the group said on Monday, reports Reuters.

"A Hong Kong subsidiary of our group is bidding for BCC Hong Kong, the spokeswoman said by telephone. She declined to give any further information on the bid."

Hong Kong authorities closed the BCCCHK on July 8 after its parent was hit by allegations of fraud. Its operations have been shut down by authorities around the world.

A liquidator has been appointed to BCCCHK and is looking for possible buyers of the bank. Media reports have said

the Hong Kong government has met with several parties to discuss the purchase of BCCCHK, but no buyer has been announced.

Hualon which securities analysts say is among Taiwan's ten biggest corporate groups with assets of about 45 billion Taiwan Dollars (1.7 billion US Dollars) is headed by Oung Taming, who is on trial over a multi-million Dollar stock scandal.

Depositors in BCCCHK have been told they would receive the highest of 25 per cent of their deposits or a maximum of 500,000 Hong Kong Dollars (64,000 US Dollars) back and would likely get a higher proportion on liquidation.

But in an interview published in Monday's edition of

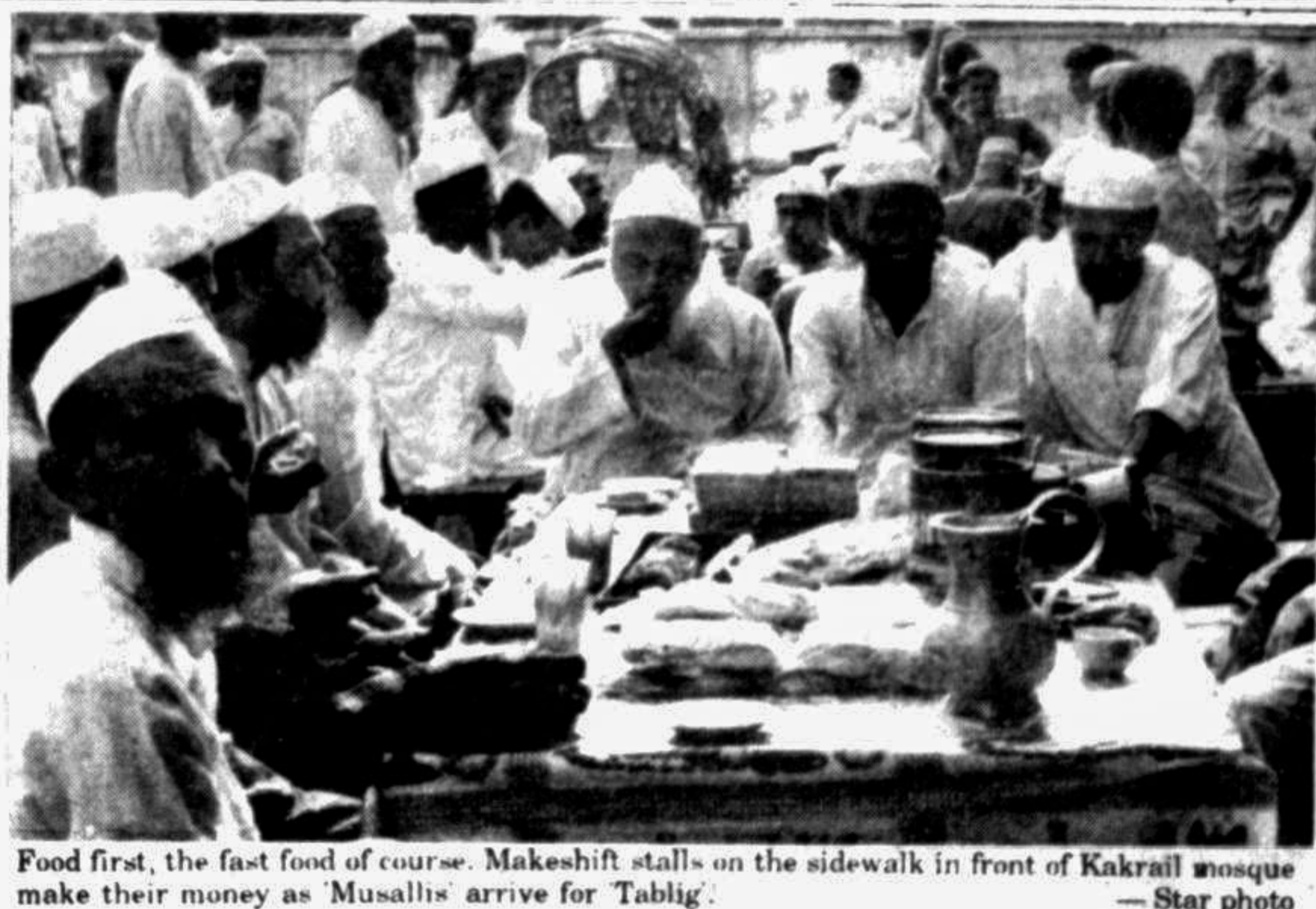
The Journalist, a leading local news magazine, Oung said he believed BCCCHK was still lucrative.

"I believe its assets can cover its liabilities, Oung was quoted as saying.

Under Hualon's takeover plan, depositors with more than one million Hong Kong Dollars (130,000 US Dollars) in the bank would not be able to withdraw their money but would be made shareholders, Oung said.

Small depositors would be paid in full.

Oung said the possible loss of Hualon's won deposits now frozen in BCCCHK, 30 million Hong Kong Dollars (3.9 million US Dollars) would not hurt the group because they were "a trifling amount hardly worth mentioning."



Food first, the fast food of course. Makeshift stalls on the sidewalk in front of Kakrail mosque make their money as 'Musallis' arrive for Tablig' — Star photo

OPEC output rises to 23.3m BPD

NICOSIA, Aug 13: OPEC crude oil production in July climbed to 23.3 million barrels per day (BPD) from 23.1 million BPD in June, the influential Middle East Economic Survey (MEES) said Monday, reports AFP.

The Newsletter, which is based in Nicosia, said the rise was mostly due to a production increase in Saudi Arabia and Kuwait. Saudi sell head production in July averaged 8.3 million BPD up from 8.2 million BPD in June, though actual sales measured around eight million BPD.

MEES also said the increased Saudi production meant a rise of 3,00,000 BPD to its overseas stocks in July, compared to a rise of 2,00,000 BPD in June.

Following recent approval by the five permanent United Nations Security Council members of a draft resolution, permitting the sale of up to 1.6 billion Dollars worth of Iraqi oil over six months, an addi-

tional 5,00,000 BPD may be available on the oil market during the fourth quarter of 1991 and the first quarter of 1992.

Combined with an expected 1,00,000 BPD from Kuwait, OPEC could see an increase in oil output of 6,00,000 beginning in the fourth quarter of this year.

Oil prices static

LONDON, Aug 13: Oil prices stagnated on Monday in a thin market, traders said, reports Reuters.

Worries about North Sea oil supply disruptions which pushed prices up last week had ceased to have an impact, they said.

"North Sea worries have been discarded," one London-based futures broker said.

News that Norway's Ekofisk oil pipeline system would be reopened as scheduled by August 17 following maintenance helped keep a lid on prices.

Meanwhile, the British North Sea Fulmar platform, operated by a Shell-Exxon

joint venture, remained out of action while an inspection was carried out to determine the cause of a series of explosions in the accommodation module last Wednesday.

A start-up date has yet to be announced. But traders said that the loss of output had been factored into prices.

At 1630 GMT North Sea Brent crude oil futures for September loadings were up three cents at 19.63 dollars a barrel.

In New York, light US crude oil futures for September deliveries were up three cents at 21.65 dollars.

Kuwait producing .15m barrels daily

KUWAIT, Aug 13: Oil Minister Hamoud Abdulla Al-Raqba said today that Kuwait was producing 150,000 barrels of oil a day, reports Reuters.

Raqba, announcing that the last oil well fire at the Maqwa Field had been extinguished, said 293 wells, out of more than 700 set ablaze or damaged by retreating Iraqi troops, had so far been brought under control.

"As of yesterday 293 wells had been controlled, there will be another three to four today, so we are talking about 297 fires put out by the end today," he told reporters.

The task of putting out the fires was ahead of schedule and most of the wells would be

capped by March, he said.

On Friday, Kuwait put out the last fire at Al-Ahmedi, the nerve-centre of its oil industry which was sabotaged by Iraqi troops as they were forced out of the Emirate by US-led forces at the end of February.

Raqba said 10 per cent of the capped wells had been cemented and probably lost for ever.

The drilling of new wells will begin early next month in the Maqwa field. Kuwaiti oil officials told Reuters the Emirate planned to drill 100 new wells by the end of the year.

Raqba said Kuwaiti refineries would process 100,000 barrels a day in September.

Rats delay Air India flights

NEW DELHI, Aug 13: Rats, which are worshipped by some Hindus, have delayed three recent flights by India's international carrier, Air India. The airline is shrugging off religious qualms to eradicate on-board rodents, the aviation minister said Tuesday, reports AP.

Madhavrao Scindia told Parliament that despite fumigation, rat traps and glue plates, flights to Tokyo, New York and London were delayed in the last month when rats were found in the aircraft.

In another case, a flight from Muscat to Bombay returned after takeoff and the plane was changed plane after rats were discovered on-board, Scindia said.

The minister said rat-control measures are regularly carried out in the airport hangers, the cabin catering building and canteen lifts.

In Hindu mythology, rats are depicted as the steed of the elephant god Ganesh. There are temples dedicated to rats in the desert state of Rajasthan, and in the eastern city of Calcutta a corner of a city park is maintained as the home of tens of thousands of rats.

Hindus make up about 82 per cent of India's 844 million people.

6.9 pc growth in Taiwanese economy likely

TAIPEI, Aug 13: Taiwan's stepped up foreign trade activities and increased investment interest will propel the island's economic growth to 6.9 per cent this year, economic officials said Monday, report AFP.

Expanded overseas demand especially since the end of the Gulf war, boosted Taiwan's exports which in turn revived industrial production, officials at the Directorate General of Budget, Accounting and Statistics (DGBAS) said.

The island's foreign trade in the first seven months of 1991 surged 13.5 per cent over a year ago to 79.58 billion Dollars with the surplus advancing 8.6 per cent to 6.92 billion Dollars.

Exports in the January-July period ballooned 13.5 per cent to 43.25 billion Dollars and imports edged up 14.5 per cent to 36.33 billion Dollars.

The ministerial level DGBAS scaled up this year's economic growth to 6.9 per cent from a previous prediction of 6.06 per cent with a potential to surpass seven per cent amid better-than expected economic indicators, the officials said.

Pakistani bank financed nuclear export deal

OTTAWA, Aug 13: A state-owned Pakistani bank helped finance the attempted export of restricted nuclear materials to Pakistan in 1987, a Canadian who was convicted in the scheme has said.

Arshed Pervez, who was convicted in Philadelphia of trying to export the metals in 1987, told Canadian Press on Monday that the Habib European Bank put forth 170,000 Dollars to finance the purchase of specialty metals used to make nuclear weapons.

Omar Khan, the chief executive officer of the Canadian operations of BCCI, said BCCI was named as an intermediary in the deal, but only because the Pakistani bank in question lacked a Canadian office.

BCCI, a bank with wide-reaching operations in the Third World, is under investigation for massive fraud and links with drug barons and

terrorists. BCCI operations in eight countries were closed after disclosures by the Bank of England in early July.

BCCI has been alleged in previous reports to have been involved in helping bankroll Pakistani and other countries' attempts to develop nuclear weapons.

Habib European Bank is an affiliate of the Habib Bank, which is owned by the Bank of Pakistan. A letter of credit describing the financing was provided to Canadian Press by Pervez's Toronto lawyer Shawn Stringer.

Pervez was convicted in a Philadelphia court of conspiracy to file false documents to get an export license to ship maraging 350 steel to Pakistan, of filing three false documents and of attempting to export beryllium.

Maraging, 350 steel is strategic steel alloy needed to

produce weapons-grade uranium. Beryllium is a metal used to boost the intensity of nuclear explosions.

Also charged in absentia in the scheme was Inam ul-Haq, a Pakistani General, who was arrested in Germany last month and faces extradition to the United States.

The Justice Department has said that Inam is accused of directing Pervez to purchase the metals, and that Canadian police found documents in Pervez's home showing that the steel purchase was to be financed by an arm of BCCI.

Khan, BCCI Canada's chief executive, said his bank's name appeared on the documents as an intermediary because Habib Bank did not have a Canadian office. He said BCC Canada was only acting as an advisor, saying that "This is something every bank does. It acts as a post office."

World economic growth to fall

BRUSSELS, Aug 13: The European Commission predicted on Monday that world economic growth, excluding Eastern Europe and the Soviet Union, would slow to 1.5 per cent in 1991 from 2.4 per cent last year.

But the European Community's executive said the global economy was likely to turn around later this year. It forecast that growth in world Gross Domestic Product (GDP) would recover to 2.8 per cent in 1992.

"On the whole the chances of a progressive recovery of the world economy are positive," the Commission said in one of its periodic reports on economic developments.

"The first signs of recovery in the industrialised economies now in recession are becoming evident."

It was the first Commission forecast this year of world GDP. The figures do not take into account a projected five to 15 per cent fall in output this year in Central and Eastern Europe or a worsening of the economy of the Soviet Union.

The Commission predicted that economic activity would pick up to some extent in Eastern Europe during 1992, although it did not give figures. But it was more pessimistic about the Soviet Union.

"In the absence of clear and credible prospects of major structural reforms, the risk is that the Soviet Union's economic difficulties will go on getting worse," it said.

Steps to raise fund for Cambodia

BANGKOK, Aug 13: Cambodian Guerilla leader Prince Norodom Ranariddh will meet government and business leaders in Australia and New Zealand over the next few days in an attempt to raise funds for humanitarian assistance for his war-torn country, a guerilla official said today, reports AFP.

Prince Ranariddh, Head of the Guerilla Army loyal to his father, Cambodia's former monarch, Prince Norodom Sihanouk, will meet Australia's Prime Minister Bob Hawke and Foreign Minister Gareth Evans, as well as New Zealand's Foreign Minister Don McKinnon during his August 14-21 visits, the official said.

Talks will focus on humanitarian aid to relieve grave shortages of food and medical supplies, the official added.

Prince Ranariddh will also meet business leaders and members of the Cambodian communities in the two countries to discuss the reconstruction of post-war Cambodia and future economic cooperation and investment there.

The Prince, a member of Cambodia's Supreme National Council (SNC) of representatives of the country's four warring factions, will travel to New York in September,

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Philippines agriculture grows by 4.15 pc

MANILA, Aug 13: Philippine agriculture grew by 4.15 per cent in the first half of 1991, and is expected to grow by about three per cent for the whole year despite the eruption of Mount Pinatubo, officials said here Tuesday, reports AFP.

The result is a sharp improvement over the 1.07 per cent growth in agriculture posted in the last half of 1990, Agriculture department spokesman said. Agriculture grew by 3.08 per cent for the whole of 1990.

The per cent growth in the January to June period of 1991 was due largely to a 4.47 per cent growth in crop production with rice and corn, the country's main staples, grow-

ing by 16.19 and 23.24 per cent respectively.

A drought pushed down crop production by 5.05 per cent in the first half of 1990. Livestock production however grew by only 2.08 per cent in the first half of this year, while poultry production slowed to only 7.52 per cent, compared with respective growth figures of 7.84 and 10.48 per cent in the same period last year.

The Agriculture Department said it had forecast an agricultural growth of about three per cent this year despite the damage caused by the eruptions of Mt Pinatubo, which began on June 9, damaging the country's traditional rice bowl.

Pak firm to set up paper mill in Dubai

DUBAI, Aug 13: A Pakistani firm is to set up a million Dirhams (three million Dollars) paper mill in Dubai with a production capacity of 40,000 tons per year it was announced here on Monday, reports AFP.

The project in Dubai's Jebel Ali industrial zone is being established by Amir Paper Mills owners of two plants in Pakistan according to a press release from the Dubai ports authority which runs the industrial zone.

The facility will use imported Swedish machinery and go into full production early next year, it said.