The Money Market In Iran

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Many of the nations of Asia, now engaged in the task of industrialization and building a modern economy, have, in fact, inherited ancient and highly developed credit systems. These systems of lending and creating money need, however, to be adapted to twentieth-century requirements, financing not only the traditional land trade and inventory, but now extending also to industrial working capital and international transactions.

Iran is well suited as an example of some of the factors and problems influencing this subject. The country's short-term money market is approximately evenly divided between a powerful traditional bazaar moneylending system and a handful of commercial banks which, although often possessing externally some modern characteristics, are conditioned by a cultural environment to differ in substantial respects from banks in economically advanced states. The present essay focusses on some of the issues and techniques of these institutions, examining primarily those concerned with short-term credit rather than the three specialized lenders devoted to long-term industrial finance[1].

BAZAAR AS FINANCIAL INSTITUTION

Iranians have observed that the main distinction between bazaar and modern Persian commercial banks is the impressive buildings housing the latter. To an important extent, this statement is true. The banks grew out of bazaar moneylending activities, and even today the basic philosophy and type of credit offered are practically identical. Both commercial banks and the bazaar finance primarily trade, construction, and real estate transactions. The basic financial instrument for both is the *softeh* (*see* example, Exhibit 1), a short-term discounted signature bill. Bank and bazaar lend almost exclusively on uninvestigated collateral, represented by general credit reputation of the signatories, and are practically never concerned with purposes of a

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1. The three banks specializing in long-term loans to private industry are: Industrial and Mining Development Bank, a private institution with foreign participation; Industrial Credit Bank, owned by the government's Plan Organization; and the Bank Melli (National Bank), which, in addition to short-term business, administers a government industrial loan programme. The operations and considerations affecting such banks are amply discussed in S. Boskey, *Problems and Practices of Development Banks* (Baltimore: The Johns Hopkins Press, for the International Bank for Reconstruction and Development, 1959) and W. Diamond, *Development Banks* (Baltimore: The Johns Hopkins Press, for the International Bank for Reconstruction and Development, 1957).

loan, efficiency and profit potential of a borrower, or any type of financial analysis.

Sources of Bazaar Funds

The turbaned merchant or moneylender, sitting cross-legged on a carpet before his abacus and samovar in any of a dozen Persian cities, probably lends in the aggregate at least as much as his close-shaven, European-appareled countryman in a marbled edifice in the new section of town. Sources of bazaar funds are, in probable order of importance, trading, real estate, and moneylending profits, and commercial bank credit. Bazaar moneylenders, taking advantage of banks' indifference to loan purposes, discount their own (or someone else's) paper at 8 to 12 per cent and relend at about triple the rate. Since bank deposits pay 2 to 6 per cent[2], savings are also drawn to the bazaar. Merchants with surplus cash temporarily released from inventories turn to moneylending as an alternative earning possibility for liquid funds; in fact, most large bazaar moneylenders are also merchants—the borderline is essentially indistinguishable.

An informal survey has revealed three classes of moneylenders in the Tehran bazaar, differing chiefly in scale of operations. Perhaps a dozen make individual loans of five million rials ($67,000) or more, operating with personal capital up to 100 million rials. Another group, estimated at 50 to 60, generally lend between two million and five million rials and possess resources of about ten times these amounts. Finally, perhaps 500 to 600 moneylenders operate with less than 20 million rials and usually limit credits to well under two million rials. None of these moneylending operations are incorporated or registered in any way for limited liability, since *bazaaris* wish to remain, officially at least, anonymous to the government and its tax collectors.

The Softeh

Although bazaar tends toward monopoly—it has been estimated that a handful of traders control over half the lending business—anyone can become a moneylender by buying a book of registered *softehs* from Bank Melli (the national bank) or a commercial bank, paying only a nominal stamp tax. The *softeh* is basically an unsecured promissory note exchanged between two (or more) friends which, discounted in bazaar or commercial bank, becomes money.

To the lender, the most important element of the *softeh* is neither the loan's purpose nor even tangible security, but rather the signature(s) on the bill. Characteristically, the Persian credit structure is based on subjective personal factors rather than on objective, systematic analysis. In fact, a weak

[2]. The higher figure is for relatively illiquid time deposits.

borrower can improve saleability of his *softeh* by buying the co-signature of someone with a better credit reputation. Company names are not accepted on *softehs*.

It is true, of course, that behind an acceptable signature lies at least a feeling on the lender's part that there exist relatively more or less villages, land, inventory, jewelry, vehicles, as well as an impression of past repayments. There is an informal bazaar grapevine concerning credit standings of important borrowers, and there are even individuals[3] who make it their business to collect such information; one factor that can be checked with relatively little difficulty is existing mortgages on real estate or machinery. But this system is imperfect, and is usually based on rumour. The fact remains that no specific item of security is investigated: the signer of a *softeh* is trading on his general credit reputation. Since it is never clear how much or what assets lie behind a signature, it is not difficult for a borrower to "overtrade" on his credit standing by discounting *softehs* at different places. Indeed, because of imperfections and time lags in the bazaar rumour system and the usual absence of specific inquiries on any given transaction, it is possible for a trader to obtain credit when he is, in effect, bankrupt.

Bazaar discount rates for *softehs* in the recent past have been 18 to 21 per cent for prime risks, 21 to 24 per cent for second class paper, and 24 to 36 per cent for third class notes. *Softehs* can be written for any maturity, but the most common is 90 days; since there is a ten-day grace period before the bill can be officially registered as dishonoured, the effective loan term is 99 days. The term may be extended by renegotiation, generally at higher rates. If the note is not paid by any co-signatory, the holder of the *softeh* presents it in court for registration as a "protested bill"; following this, legal action can be taken against the note's signer and/or any of the guarantors.

Uses of Bazaar Funds

In commercial financing, *softehs* based on general credit standing take the place of loans against warehouse warrants. There is no adequate warehousing system in Iran, and inventories are frequently immobilized by being stored in scattered basements, sheds, or *serails*; under present conditions,

[3]. These are known as *sha'arif-dalali*, brokers or go-betweens for credit dealings, who collect a reported two per cent commission from both borrower and lender. Their existence in the bazaar system appears to be largely traditional, and they are generally relatives of either merchants or moneylenders. Thus, while the moneylender probably knows as much about a prospective borrower as the *sha'arif-dalali*, he is willing to pay to have his impression confirmed over a cup of tea while hearing latest bazaar gossip. On the other side of the transaction, the merchant-borrower will depend on the broker quickly to find a liquid lender, although he himself is not usually ignorant of the names of customary sources of credit. The *sha'arif-dalali* is a good example of the Persian tendency to establish middlemen in any transaction—perhaps as a means of providing employment to relatives.

there is no possibility of physical control over inventories. Development of warehouse warrants is, in large part, impeded by absence of trust and the great latitude for deceptive practices inherent in such a system.

A substantial proportion of *softehs* do not represent commercial transactions at all, but rather serve as a consumer financing device. Another important use of *softehs* is to raise funds for real estate. For new construction, the form may be modified to become a *pul-e-nozooli* (mortgage loan), with terms as long as two years and generally lower interest rates (15 to 24 per cent) because of the element of tangible security. Land and buildings valued at 150 to 200 per cent of the loan are placed under mortgage to the moneylender; the difference theoretically represents a promoter's own cash contribution to the project, but in actuality it is usually raised through *softehs*.

The bazaar provides a significant proportion of industry's working capital. While 99 days is less than normal turnover of industrial inventory, many entrepreneurs have real estate or mercantile interests which they can trade on to provide liquidity for their industrial activities. It is likely that, for larger companies at least, the trend in recent years has been away from the bazaar, due to the substantial increase in private banking capital[4] as well as some growth of reinvested earnings[5]. Nevertheless, for small industrial artisans or workshops—the characteristic Iranian manufacturing unit—the bazaar may be the only source of outside funds, since banks are not concerned with high overhead small loan business.

Bazaar and Business Cycles

In times of general prosperity, when rising monetary incomes stimulate greater demand for goods, the bazaar can respond quickly with commercial credit to speed flow of commodities. But lack of adequate credit investigation fosters a built-in tendency toward unhealthy pyramiding of credit which, unlike banking activities, is outside the control of monetary authorities. Indeed, trading in *softehs* need not have any basis in commercial goods. Through the co-signatory system, a net of interconnected guarantees spreads effects of defaults and thereby increases fragility of the credit structure.

In winter and spring 1960/61, after an abnormal inventory build-up—largely imports—over the previous two years, a slackening in trade, combined with governmental restrictions[6] on additional credit entering the system,

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[4]. *See*, p. 412 below.

[5]. The latter factor is counteracted to some extent by a propensity to withdraw profits to support indulgence in the new tastes that accompany changes in a successful entrepreneur's social status.

[6]. Due to a stabilization programme.

made top-heavy inventories relatively illiquid. In the past, "gaps" in bazaar loan structure—inability to honour *softehs*—were generally met by compromise (usually an extension of the due date), or by a rallying of friends of the signer. Now, however, "gaps" occurred with greater frequency and in higher amounts. It is reliably reported that Bank Melli departed from its own injunction against additional private sector credit in order to assist certain large *bazaaris*, whose threatened bankruptcy because of overextension of guarantees to lesser lights could have precipitated major collapse[7].

Bazaar and Cost of Capital

Unlike commercial banks, the bazaar does not provide any service other than discounting. Doubtlessly this function is an important one, and is worth to many borrowers the extra price paid over the 12 per cent bank interest charge. The bazaar is an invaluable outlet when banks are loaned up—or when, for any reason, they refuse a loan. Unlike commercial banks, the bazaar does not require a debtor to be a "customer", i.e., to have cash lying idle in deposits. Through establishment of personal relationships, borrowers can receive quick service on the basis of reputation, avoiding the passing of papers through a bank's loan committee.

The bazaar's continued existence as a potent financial force is attributable to two related factors. Considered from the demand-for-funds side, it is resorted to because banks alone cannot furnish all financing demanded by the economy. Considered from the supply side, the bazaar draws liquid funds because of high returns which can be earned in moneylending. However, it is obvious that these factors are connected: the bazaar's very existence discourages potential deposits in the banks which, with better rates from a borrower's standpoint, are unable to attract sufficient savings to permit inroads on the bazaar.

It would be beneficial to examine some causes of these bazaar charges. A substantial risk premium is unquestionably involved. It is significant that there are distinct schedules for "first-", "second-", and "third-class" borrowers. Although no statistics exist on the proportion of bazaar loans that are eventually uncollectable, and individual *bazaar is* are renowned for their reticence in discussing such matters, there is a consensus that bad debts are plentiful. It might at first seem paradoxical that in a system in which general impressions and rumours of creditworthiness are paramount, important numbers of people do not pay their obligations. Is there not an inevitable pressure on the borrower faithfully to meet his commitments in order to preserve his most valuable asset in the money market—his credit reputation?

[7]. An additional source of liquidity, forestalling business crisis, was involuntary extension of due dates on foreign suppliers' credits.

The answer to this paradox would appear to lie in Persian character and the very nature of the bazaar. Thus, it is not unknown for individuals who have made profits on borrowed money deliberately to declare bankruptcy so as to avoid debt repayment. Others, perhaps less reprehensible in motive, can produce any number of hard luck stories to explain their incapacity to settle an obligation completely. Yet, such is the bazaar spirit that it is not impossible for borrowers who have failed once or even more to find discounters for their *softehs*—at a price. There is always the thought—even on the part of creditors—that the successful deal may lie just around the corner. Moreover, due to strong elements of subjectivity in Persian business relationships, a lender may be obliged by family ties to continue extending "credit" to a relative—and, to make up for poor risks within the family, higher rates must be charged all around. In addition to what may be termed a "tradition of the second chance", the family influences this problem in another way: a defaulter may reappear in many different guises, effectively limited only by the number of cousins or uncles available to lend their names for him. This technique is facilitated by short memories and general imperfections of bazaar credit investigation. Thus, a combination of factors makes it difficult to lower the fraction of uncollectable bazaar debts, and hence contributes to a large risk premium in the rate structure.

Use of *softehs* for land and inventory speculation also supports high rates. The situation is aggravated by merchant overstocking of goods financed by suppliers' credits: when the due date of an importer's draft arrives, he is frequently illiquid because of unsold inventories and consequently must turn to the bazaar; even if inventories were sold, however, any cash accruing has probably been spent on consumption. The cost of money is, thus, driven up to the highest price willing to be paid for it at the margin—in this case for various non-essential activities.

These demand pressures are, however, not inevitable: they result in part from a method of finance which encourages and caters to speculative tendencies. Pyramiding of non-productive loans in trade and land is as much a response,as a source, of a system of unsecured signature paper and disinterest in purposes or economic factors behind cash requests. It is the overwhelming opinion of observers of the Persian business scene that tighter controls over bazaar lending could exert a profound influence on direction and flow of the country's savings, through making recourse to credit facilities for certain purposes less facile and automatic.

As it is, the bazaar continues to be able to offer high returns for cash and draw investable funds from more worthwhile alternatives. The resultant greater loan costs to factories financing working capital needs are passed on to consumers in higher prices. This additional consumer burden, rather than *entree* in the Persian economy in order to broaden services to customers at home. A Tehran representative could also increase possibilities of direct loan business: in winter 1960/61, Bank of America and Banca Commerziale Italiana negotiated credits to the Iranian government of ten million dollars and five million dollars, respectively, which assisted in relieving balance of payments pressures. Furthermore, since many European banks had lost or were losing branches in the former colonial world, both capital and experienced personnel were available; a seat in Tehran permitted retention of a foothold in Middle Eastern commerce. Yet, amounts put at risk were relatively small: the largest single foreign bank investment was $1.6 million; more typical was $200,000 to $500,000, and 17 of the Industrial and Mining Development Bank of Iran's 20 participants invested $150,000 or less.

Ubiquitous Softehs

Given financial conditions and attitudes in Iran, short-term credit is at once the most familiar, most profitable, and relatively least risky banking business. With the exception of a handful of specialized institutions for agricultural, construction, and industrial loans, the Persian banking system is based on discounting 30- to 90-day signature paper, represented by the familiar *softeh*. This is the same *softeh* that is the heart of bazaar credit, and the only differences are that commercial banks generally require the signer also to be a depositor, and bank rates, by strongly established custom and under surveillance of monetary authorities, are considerably lower: in 1960/61, rates averaged ten per cent for three months, with a possible one or two per cent additional commission or "service charge". Depending on circumstances and negotiations with particular borrowers, rates have been (at least before the 1960/61 money market tightness) as low as eight per cent. Foreign joint banks tend to slightly lower rates, because they attempt to select better credit risks. Bank Melli charges traditionally less than private banks, in a range of five to eight per cent.

The profitability of this fast turnover business, together with the tremendous demand for funds at these rates, have minimized incentives to extend longer term working capital loans to industry. As in the bazaar, bills are discounted on the basis of general credit standing, which tends to restrict interest in new enterprise. Overdraft facilities or direct loans are rare and very seldom exceed one year; they might represent a special extension of a *softeh's* term, granted in order to save the loan where insistence upon immediate repayment might greatly endanger the borrower's solvency.

The Bank Guarantee: Painless Profits

The practice of guaranteeing payment on loans from other sources represents a major departure from bazaar services. A letter of guarantee, issued by a bank to the original source of credit, obligates the bank to make certain payments at specified dates if the borrower himself does not honour his commitment. Banking regulations require a ten-per-cent cash deposit, plus additional cover of either *softehs* (105 per cent), goods and inventories (135 per cent), or real estate (200 per cent). *Softehs* offered as collateral must bear two signatures and be dated ten days before the due date of the obligation being guaranteed; the bank may, therefore, collect on the *softeh* and use funds thus acquired to pay the borrower's obligation. In monetary terms, guarantees equal or exceed the banks' discounting business. The fundamental difference is that the guarantee, being a contingent liability, does not require immediate outflow of bank cash and, indeed, often never involves disbursement of funds. Although guarantees may be used in domestic credit transactions, they are mainly connected with importing, wherein foreign exporters require local bank guarantees for both short-term bills and longer term suppliers' credits. Outstanding guarantees generally do not appear on published bank balance sheets.

Under present standards of banking practice and control, the temptation to overextend guarantees represents an inherent danger. Largely through such transactions, at four to five per cent commission, some private banks have earned profits in recent years at annual rates of 30 to 40 per cent of equity. The prospect of profitable business involving no immediate use of cash tends to blur development of a gradual overcommitment in contingent liabilities. It is known that for some time many banks have been guaranteeing obligations totalling much more than the legal limit of 60 per cent of paid-up capital and deposits; borrowers often obtain the ten-per-cent required cash deposit by discounting notes in another department of the same bank.

Banking Practice and Control

With respect to standards of credit investigation, loan administration, and general financial responsibility, the great majority of Persia's banks stand closer to bazaar moneylenders than to their Western counterparts. Due to the general inexperience of banking personnel, standards have varied widely from ultraconservative to complete irresponsibility—even in the same bank at different periods of time. Many joint foreign banks compare favourably in their operations—given the atmosphere in which they must do business—with Western financial institutions, while the practices (and management) of some smaller private banks are barely distinguishable from the bazaar.

Outside of banks with foreign participation, accounting is at a primitive level, and the abacus is the primary aid in calculation. Such tools of financial analysis as cash flow projections, ratios, and *pro forma* statements, are unknown. Credit investigation by most banks is as unsystematic and has the same weaknesses as the bazaar, and almost never includes consideration of technical or marketing factors which might affect a borrower's creditworthiness. There is a pervading lack of concern about loan purposes or efficiency of a borrower's business, much less the effects of a given loan on the country's overall economic progress. Real estate speculation, consumer purchases, inventories of luxury goods, even bazaar moneylenders—all take a share at the disbursing window.

Banks operate in the dark concerning each other's credit activities and are usually unaware of a loan's implications on residual creditworthiness of a particular borrower. Bank Melli has officially recognized that the general atmosphere of secrecy and absence of reliable financial data enable people to "indulge in activities much greater than their financial capacity or standing, by borrowing from several banks at the same time"[14].

Banking in Iran is not subject to any significant degree of control. The 1955 Banking Act established a maximum loan to one borrower of ten per cent of a bank's reserves and paid-up capital, but this restriction is not rigidly enforced; indeed, loans ostensibly granted to different borrowers may be, in effect, for a single relative or friend—a possibility most difficult to prove. The Central Bank has no means of verifying accuracy of statements and reports of credit activities issued by other banks. Bank inspection at present is largely ineffectual, both because of lack of trained accounting personnel and the susceptibility of inspectors to *bakhsheesh.*

A new banking law, passed in 1960 after considerable delay and modification, attempted to establish conditions for a more responsible banking system. The law called for a Currency and Credit Council, composed of representatives from the Central Bank, ministries, and private business, with a broad mandate for policy-making on monetary and credit issues affecting the private sector. The Council would formulate regulations to control credit activities of all banks, and would be empowered to establish criteria for private bank credit and to impose monetary fines as sanctions.

Thus, like the bazaar, the banking system has a tendency, as well as requisite tools, to extend credit at a faster rate than expanding productivity can absorb. Like the bazaar, most commercial banks are excessively preoccupied with short-run profits, and the types of financing they extend reflect this inclination. Banks do not participate in industrial finance, avoiding even working capital loans in favour of short-term, fast turnover operations. Advice in longer term financing or planning is seldom sought by promoters

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14. Bank Melli Iran, *Annual Report, 1338* [1959/60], p. 22. At least two banks were faced with ruin in the tight money market conditions of 1960/61 because a large importer, to whom they had each unknowingly extended guarantees, was unable to pay the obligations himself. Because of such conditions, banks began to consider seriously a blacklisting and central credit-clearing system.

or offered by banks. Before industry can be materially assisted, there must be an evolution of prevailing banking attitudes toward types and terms of loans, project investigation, loan administration, and role in overall economic development.

The real obstacle to establishment of responsible banking in Iran is not any lack of effective legislation, but rather an entire cultural *milieu* which discourages honesty, open reporting, and financial planning. Hampered by inexperience, inadequate analytical tools, and a persistent reluctance on the part of entrepreneurs fully to reveal conditions and plans to an outsider, the modern Persian bank is content to pursue credit business in the traditional manner. It remains to be seen how effective the new banking law will be in introducing some order into the system and in establishing rational lending practices. Certainly, the impact of any reform measures undertaken will be reduced so long as the extensive loan activities of the bazaar are not under the Council's jurisdiction.

EXHIBIT 1*

SOFTEH

SERIAL "T"

NO. * 241647

AMOUNT ....

EXPIRY..............................

NAME OF CREDITOR..............

....

NAME OF BORROWER ....

....

ADDRESS OF BORROWER ....

PAYMENT PLACE ....

....

UP TO RIALS 1000

NO.	PAYMENT PLACE	EXPIRY
THIS	PART TO BE COMPLE	TED BY BANK

2 RIALS STAMP

TREASURY CONTROL NO.

241647

IN FIGURES

....

....

..................DATE OF ISSUE..........
(TO BE WRITTEN DAY, MONTH AND YEAR)

DATE OF PAYMENT ....I UNDERTAKE / WE UNDERTAKE

TO PAY SUM OF..

IN WRITING

TO THE ORDER OF ....

NAME OF BORROWER ....

ADDRESS OF BORROWER ....

PAYMENT PLACE ....

SIGNATURE(S) OF BORROWER(S)

BILL (SOFTEH)

SIGNATURE(S) OF BORROWER(S) ....

SERIAL "T"

*This is an English version of the *Softeh*, which is in Persian.

EXHIBIT 2

THE IRANIAN BANKING SYSTEM

Name of bank (English translation in parentheses)	Date founded	Registered capital millions of rials	Registered capital millions of dollars	Paid-up capital millions of rials	Paid-up capital millions of dollars
Public		**7,339**	**97.8**	**5,515**	**86.8**
Bank Sepah (Army Bank)	1925	685	9.1	685	9.1
Bank Melli Iran (National Bank of Iran)	1928	2,000	26.7	2,000	26.7
Bank Keshavarzi (Agricultural Bank)	1933	1,500	20.0	784	10.4
Bank Rahni Iran (Iran Mortgage Bank)	1939	1,220	16.3	112	14.9
Bank Sakhtemani (Construction Bank)	1953	322	4.3	322	4.3
Bank Etebarat Sanati (Industrial Credit Bank)	1956	812	10.8	812	10.8
Bank Bimeh Iran (Iran Insurance Bank)	1958	400	5.3	400	5.3
Bank Refahe Karegaran (Labour Welfare Bank)	1961	400	5.3	400	5.3
Private		**1,530**	**20.2**	**915**	**12.4**
Bank Bazargani Iran (Iran Commercial Bank)	1949	200	2.7	200	2.7
Bank Omran (Development Bank)	1952	100	1.3	50	0.7
Bank Saderato Maaden (Export & Mining Bank)	1952	200	2.7	100	1.3
Bank Bimeh Bazarganan (Merchant's Insurance Bank)	1952	220	2.9	110	1.5
Bank Pars	1953	100	1.3	100	1.3
Bank Assnaf (Guilds' Bank)	1958	100	1.3	50	0.7
Bank Kar (Labour Bank)	1958	250	3.3	125	1.7
Bank Eqtesadi Iran (Economic Bank of Iran)	1959	100	1.3	50	0.7
Bank Irano Gharb (Bank of Iran & the West)	1959	100	1.3	50	0.7
Bank Iranian	1960	160	2.1	80	1.1
Foreign (Foreign interest in parentheses)		**1,875**	**25.0**	**1,525**	**20.4**
Bank Russo Iran (Bank of Russia & Iran) (100%)	1923	100	1.3	100	1.3
Bank Tehran (40%)	1953-58*	150	2.0	150	2.0
Banque Etebarat Iran (Iran Credit Bank) (49%)	1958	200	2.7	200	2.7
Bank Irano Englis (Irano-British Bank) (49%)	1959	200	2.7	200	2.7
Bank Irano Khavar Mianes (Bank of Iran & the Middle East) (49%)	1959	250	3.3	250	3.3
Bank Tejarati Irano Holland (Mercantile Bank of Iran & Holland) (49%)	1959	100	1.3	50	0.7
Bank Beinolmeali Irno Japan (International Bank of Iran & Japan) (33%)	1959	200	2.7	100	1.3
Bank Touseas Sanati va Maadani Iran (Industrial & Mining Development Bank of Iran) (40%)	1959	400	5.3	200	2.7
Bank Tejrat Khareji Iran (Foreign Trade Bank) (49%)	1960	275	3.7	275	3.7
		10,744	**143.0**	**7,955**	**119.6**

*Foreign interest acquired in 1958.

EXHIBIT 3

FOREIGN BANKS IN IRAN

(amounts in thousands of dollars)

Name	Foreign share (in %)	Foreign participants	Amount
Bank Russo Iran	100	Russian Government	1,333
Bank Tehran	40	Banque Al-Ahli	350
		Banque de Paris et des Pays Bas	175
		Ottoman Bank	175
		Banca Nazionale del Lavoro	100
Banque Etebarat Iran	49	Credit Lyonnais	508
		Banque de l'Indochine	291
		Banque Nationale pour le Commerce et l'Industrie	235
		Banque Nationale pour le Commerce et l'Industrie (Afrique)	200
		Banque et Compagnie de Micheville Reunies	73
Irano British Bank	49	Chartered Bank	1,307
Bank of Iran & the Middle East	49	The British Bank of the Middle East	1,633
Mercantile Bank of Iran & Holland	49	Nederlandsche Handel-Maatschappij	327
International Bank of Iran & Japan	33	Bank of Tokyo	440
Industrial & Mining Development Bank of Iran	40	(see Exhibit 4)	1,067
Iran Foreign Trade Bank	49	Bank of America	733
		Banca Commerziale Italiana	532
		Deutsche Bank	532

EXHIBIT 4

INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN

FOREIGN PARTICIPANTS

Lazard Freres & Co.	$ 241,667
Chase International Investment Corporation	241,667
International Basic Economy Corporation (IBEC)	150,000
The First Boston Corporation	100,000
Total U.S.A.	**$ 733,334**
Lazard Brothers & Co., Ltd.	$ 50,000
Lloyds Bank Ltd.	50,000
Midland Bank Ltd.	50,000
English Electric Co., Ltd.	50,000
Simon Carves Ltd.	50,000
Total United Kingdom	**$ 250,000**
Lazard Freres & Cie.	$ 125,000
Banque de Paris et des Pays Bas	125,000
Total France	**$ 250,000**
Societe Financiere de Transports et d'Entreprises Industrielles (SOFINA)	$ 200,000
Total Belgium	**$ 200,000**
Sal. Oppenheim Jr. & Cie.	$ 125,000
Deutsche Bank A. G.	125,000
Total Germany	**$ 250,000**
Amsterdamsche Bank N.V.	$ 100,000
Nederlandsche Handel-Maatschappij, N. V.	50,000
Hollandsche Bank-Unie N.V.	50,000
Total Netherlands	**$ 200,000**
Mediobanca (Banca di Credito Finanziario)	$ 150,000
Montecatini (Societa Generale per l'Industria Mineraria e Chimica Anonima)	50,000
Fiat	50,000
Total Italy	**$ 250,000**
GRAND TOTAL	**$ 2,133,334**