

Weak rupee puts pressure on Indian monetary policy

Biggest ever fall, RBI to tighten liquidity

BOMBAY, Aug 2: The Reserve Bank of India (RBI) is likely to tighten liquidity to relieve the immediate pressure on the rupee and the upward trend in interest rates is likely to be maintained, analysts said yesterday, reports Reuters.

The RBI hiked interest rates and tightened liquidity on July 21 when the rupee weakened through 45 per cent but the respite for the currency was brief and it closed Tuesday at an all-time low of 45.15/16.

Rising commercial credit demand and a heavy government borrowing programme are pushing rates higher, while fears the US may raise rates again is also exerting pressure.

The government has raised 40 per cent of its 1.17 trillion rupees borrowing for 2000/01 (April-March), and inflation, based on wholesale prices, has crept up to six per cent.

Ten-year bond yields have risen 110 basis points since

April and are expected to jump another 40 basis points by September, analysts said.

For now, the RBI's best option to contain the rupee's fall is to either spend reserves, which it appears reluctant to do, or keep liquidity on a slow drip through aggressive government bond auctions and through its daily auctions of securities (repo) and reverse repo.

The RBI announced rises in banks' cash reserve ratio, in two stages, to 8.5 per cent from 8.0, and halved banks' refinancing limits, and increased the bank rate — the rate at which commercial banks can refinance — to 8.0 per cent from 7.0 per cent.

Other administered rates like export and import finance were raised in June to even out trade flows.

The RBI hoped its liquidity squeeze would kill speculation against the currency, which is

only convertible on the current account, and the interest rate rise would persuade exporters to remit their earnings faster.

The central bank had several reasons for raising rates, but the rupee's weakness proved the deciding factor.

It was hoped the move would restore India's interest rate premium, which had been eroded by rising US rates.

But since then fresh fears of another US interest rate rise have hit markets.

In the past year one-year dollar rates have risen from around five per cent to seven per cent.

Add another three to four per cent of swap premium gained by selling dollars forward and the returns are better than most local banks' deposit rates of 8-10 per cent for the same maturity.

Analysts feel the chances of large banks like the State Bank of India hiking lending rates now is very high.

Credit growth has been robust. Year-on-year growth so far has averaged 23-24 per cent against last year's 17 per cent.

The rupee's weakness reflects a general deterioration in its balance of payments position, which showed a \$6.4 billion surplus last year, due to high global oil prices and the import demands of a faster growing manufacturing sector.

The RBI has shown a reluctance to run down its foreign exchange reserves to defend the currency. The long term answer to the rupee's weakness must be to find ways of inducing more foreign capital inflows through economic reforms.

The pressure on the rupee on Wednesday stemmed from dollar buying by several state-owned firms, and foreign funds exiting the stock market, while several exporters cancelled earlier dollar sales, betting on the rupee weakening further.



Officials of GrameenPhone and British American Tobacco Bangladesh (BATB) are seen signing the agreement to provide BATB with mobile telephone services recently.

— GP photo

US, Jordan close in on free trade pact

WASHINGTON, Aug 2: The United States and Jordan are close to completing a market-opening agreement that would slash trade barriers between the two countries, allies in the Middle East peace process, President Bill Clinton's top negotiator said yesterday, reports Reuters.

US Trade Representative Charlene Barshefsky said "substantial progress" was made in negotiations this week in Amman on the proposed trade pact, which would give Jordanian goods duty-free access to the US market and similar benefits for US exporters.

"We won't be initialing or signing anything here, but the progress certainly is sufficiently strong that I don't believe it will require substantial new negotiations," Barshefsky told reporters in Washington in a video conference call after meeting with Jordan's King Abdullah and other top officials.

A free trade accord with the United States could give the aid-ridden Jordanian economy a much-needed boost, by helping the country attract foreign investment.

Barshefsky said a wide range of sectors and companies would benefit, from agriculture to high-tech firms, but played

down the immediate impact given the relatively small size of the Jordanian economy. Two-way trade between Jordan and the United States totalled just \$287 million in 1999; \$276 million in US exports to Jordan and \$11 million in US imports from Jordan.

Barshefsky said a few sticking points remained, particularly over the services sector and the protection of intellectual property rights. But US officials were increasingly confident the pact would be signed by October.

Barshefsky said the agreement would eventually phase out tariffs and non-tariff barriers, and was expected to include a moratorium on duties on Internet commerce. As part of the pact, US quotas on textile and apparel imports would be eliminated.

The agreement would also give Washington and Amman leeway in setting their own environmental and labour standards. This provision, Barshefsky said, should give Americans and Jordanians "greater confidence that trade liberalisation won't lead to environmental degradation and won't lead to a lessening of the rights of workers."

BATB signs deal for GP mobile service

GrameenPhone Limited has recently signed an agreement with British American Tobacco Bangladesh (BATB) to provide mobile telephone services under its corporate Sales Package initiative, says a press release.

Under the agreement, BATB will be provided with GrameenPhone's GP-GP service. BATB will use GP mobiles in all of its Area Sales Offices around the country. It also plans to bring all its distributors under the mobile telecommunications network. With its wide and expanding coverage, GrameenPhone will help BATB in implementing its plan.

The agreement was signed in a simple ceremony at GP Head Office at Gulshan.

Masud A. Mallick, Head of Corporate Sales of GrameenPhone, and Md. Mahbubur Rahman, Company Secretary of British American Tobacco, signed the agreement on behalf of their respective organisations. Mehboob Chowdhury, Sales and Marketing Director of GrameenPhone, and Shezar Husain, Head of IT of BATB, were also present on the occasion.

Singer signs int'l programme on child labour elimination

The International Labour Organisation (ILO) has initiated a project to eliminate child labour from the readymade garment industries of Bangladesh. The objective of the project titled "The International Program on the Elimination of Child Labour" is to monitor the employment of child labour in enterprises, encourage children and their families to see the positive relationship between education and future employment opportunities and the benefits of acquiring skills training and enterprise development skills and resources.

In an attempt to implement these objectives to provide skill training for the gainful wage employment, the ILO has selected Singer Bangladesh Limited as its implementing agency for its contribution towards the well-being of the society through its 83 sewing schools throughout the country.

Primarily, ILO nominated 50 ex-child labourers in two batches started tailoring and embroidery training on July 23 from the experienced and skilled trainers of the singer sewing school to strengthen their economic condition in the society.

An agreement signing ceremony was held on August 1 at ILO Dhaka office to formalise the training program. Mahbub Jamil, Chairman and Managing Director, Singer Bangladesh Limited and Claudia Coenjaerts, Director, ILO Area Office, Dhaka, signed for their respective organisations.

M. A. Siddiqui, Marketing Manager of Singer Bangladesh Limited, Shirin Lutfunnessa, project co-ordinator of ILO along with other officials were present to mark the occasion.

Half-yearly confce of Prime Ins branch chiefs held

The half-yearly conference of branch In-charges of Prime Insurance Company Ltd was held on July 27 at a city hotel, says a press release.

The conference was inaugurated by chairman of the company, Qazi Saleemul Huq. He also gave away prizes to some of the Branch In-Charges for their outstanding performances during the period from January to June, 2000. Some directors of the company were also present on the occasion.

Qazi Saleemul Huq in his speech expressed deep satisfaction over the performances of the branches during the last six months of the year 2000. He laid importance on further improvement of services to the clients and urged the branches concerned to attain their annual targets fixed at the beginning of the year.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against Taka to clients					
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	51.2500	51.2800	50.8500	50.6670	50.6250
Pound Stg	76.7674	76.8123	75.6241	75.3666	75.2895
Deutsche Mark	24.4114	24.4257	23.4279	23.3574	23.3242
Swiss Franc	30.5970	30.6149	29.9923	29.9021	29.8496
Japanese Yen	0.4735	0.4738	0.4653	0.4659	0.4633
Dutch Guilder	21.6655	21.6792	20.7926	20.7301	20.7006
Danish Krona	6.3395	6.3403	6.2091	6.1894	6.1806
Australian \$	30.2599	30.3116	29.0150	28.9277	28.8966
Belgian Franc	1.1836	1.1842	1.1359	1.1325	1.1308
Canadian \$	34.9071	34.9275	33.8233	33.7216	33.6787
French Franc	7.2796	7.2822	6.9554	6.9543	6.9544
Hong Kong \$	6.5948	6.5996	6.5075	6.4879	6.4787
Italian Lira	0.0247	0.0247	0.0237	0.0236	0.0236
Singapore \$	29.9778	29.9953	28.0472	28.9598	28.9187
Euro	47.7445	47.7724	45.8209	45.6851	45.6182
Saudi Rial	13.7010	13.7000	13.5207	13.4800	13.4609

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7512	50.4263	50.0025	49.5788	49.1550	48.5075

London Interbank Offered Rate (LIBOR)					
Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months
50.6250	51.2500	USD	6.62063	6.72198	6.86075
76.7674	75.2895	GBP	6.06625	6.24344	6.43656
Cash/ T.C	Cash/ T.C	EUR	4.41438	4.63750	4.91750
					5.06063

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
45.28/45.31	53.300/53.35	40.83/40.88	3.7997/3.8002	8860/8860	1115.6/1115.8

Amex notes on Wednesday's market

The USD/BDT market was active on Wednesday and it remained at previous day's level of 51.1600-51.1700. The call money market was also active and the call rates ranged between 5.75-6.00 per cent.

Yen rose to two-week highs against dollar and the euro on Wednesday as the frustration over the market's failure to drive the Japanese currency lower in recent days overshadowed bearish fundamentals. Traders unwound long dollar and euro positions after the US currency was repeatedly rebuffed by a combination of Japanese exporter offers and Asian and US banks defending option positions around 110.00 yen this week. The dollar fell about a yen during Asian trade to hit troughs around 108.36 yen. Its lowest level since July 21. It was hovering around 108.70 yen in Europe by 0833 GMT. The euro was hovering around the day's highs around 80.9180 half a cent above Tuesday's 10-week lows around 80.9130.

At around 0907 GMT, the exchange rates of major currencies against USD were GBP/USD 1.4923/1.4928, USD/CHF 1.6822/1.6832, USD/JPY 108.65/108.75, EUR/USD 0.9170/0.9172.

Shipping Intelligence

Chittagong Port									
Berth position and performance of vessels as on 2.8.2000									
Berth No	Name of Vessels	Cargo	L Port	Local Agent	Date of Arrival	Leaving			
J/2	Isaac Light	Wheat (P)	Geel	Angelic	11/7	7/8			
J/3	Chettinad Glory	Wheat (P)	Sing	SBS	19/6	10/8			
J/4	Xiang Cheng	Gr	S Hai	BDSHP	26/7	5/8			
J/5	Dawei	Rice (P)	Yang	MTA	21/7	4/8			
J/6	Marquis	Gr (Y Pe)	Sing	Seaglor	5/7	13/8			
J/7	Ever Cheer	Gr (Cr C)	Mong	RML	20/7	4/8			
J/8	Ocean Breeze	Gr	Sing	Prog	21/7	10/8			
J/9	Apex	Rice (P)	Saig	Cindy	10/6	2/8			
J/10	Kota Berjaya	Cont	Sing	Pil (BD)	25/7	2/8			
J/11	Banglar Robi	Cont	Sing	BSC	1/8	4/8			
J/12	An Da	Gr (Si RL)	Lanj	Lufutl	3/7	4/8			
J/13	Kota Cahaya	Cont	Sing	Pil (BD)	29/7	4/8			
CCT/1	Banga Bijoy	Cont	P Kel	BDSHP	30/7	4/8			
RM/14	Al Bauraq	Cement	Haka	Seacom	23/6	6/8			
RM/15	Cerdianwan	C Clink	Pada	PSAL	27/7	8/8			
CCJ	Al Shams	C Clink	Pada	RML	28/7	8/8			
CSJ	Al Muztuba	Idle	Okha	CLA	17/7	6/8			
DOJ	Banglar Shour	Cont	Sing	BSC	1/8	7/8			
DD	Banglar Doot	Repair	Sing	BSC	R/A	7/8			
DDJ/2	Britoil-38	-	K Dia	Arafeen	R/A	-			
RM/9	Banglar Gourabh	Repair	-	BSC	R/A	15/8			
Katco (J)	Grant Mariner	Urea	Sing	Rainbow	3/7	5/8			
BB	Ocean-1	Idle	Yang	SMSL	10/7	2/8			

Vessels due at Outer Anchorage					
Name of Vessels	Date of Arrival	L Port	Local Agent	Cargo	Loading Port
Sea Shah	2/8	C Town	OTL	-	-
Qc Pintail (Cont) 24/7	2/8	Copra	QCSL	Cont	Sing
Bago	3/8	Yang	Eberett	Gr	-
Xpress Makala (Cont) 30/7	3/8	Sing	RSL	Cont	Sing
Bango Mori (Cont) 17/7	3/8	Sing	BSC	Cont	Sing
Eagle Sky (Cont) 24/7	3/8	Sing	Nol	Cont	Sing
Qc Teal (Cont) 2/7	4/8	P Kel	QCSL	Cont	Sing
Amethyst (48) 30/7	4/8	-	Gr (Pywood)	-	-
Halldor	4/8	Chen	MBL	Urea	-
Mergui	6/8	Yanf	MTA	Rice (P)	-
Nautillus	6/8	Zhen	HSL	R Phos	-
Xpress Padma (Cont) 19/7	6/8	Sing	RSL	Cont	Sing
Jaumi (Cont) 30/7	6/8	Sing	Cross	Cont	Sing
Xpress Resolve (Cont) 26/7	7/8	Sing	RSL	Cont	Sing
Tiger River (Cont) 26/7	6/8	Sing	Nol	Cont	Sing
Dragon Kalimantan (Cont) 26/7	6/8	Sing	Nol	Cont	Sing
Kota Singa (Cont) 24/7	7/8	Sing	Pil (BD)	Cont	Sing
Jutha Parichart (Cont) 19/7	8/8	P Kel	RSL	Cont	Sing
Osg Alpha (Cont) 30/7	7/8	Sing	RSL	Cont	Sing
Jaya Mars (Cont) 30/7	9/8	Col	Everest	Cont	Sing
Chu Hong (Cont) 30/7	9/8	Sing	QCSL	Cont	Sing
Kota Naga (Cont) 31/7	9/8	Sing	Pil (BD)	Cont	Sing
Da Fu (Cont) 11/7	10/8	Sing	RSL	Cont	Sing
Mr Regina (Cont) 31/07	12/8	Sing	Pil (BD)	Cont	Sing
Banga Biraj (Cont) 30/7	14/8	Sing	BDSHP	Cont	Sing
Freedom	14/8	Sing	Gr (Prq Mat)	-	-

Tanker due					
Saucon	4/8	Sing	MSTPL	SKO/JP-1	-
Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival	

Vessel at Kutubdia					
Energy Explorer-IV	-	-	BBAL	5/4	
Ismaya	-	-	BBAL	17/8	
Gulf Ualder	-	Beliz	Arafeen	R/A (15/7)	
Dea Champion	-	-	Arafeen	R/A (27/7)	
Ramey Tide	-	-	Arafeen	R/A (1/8)	
Dea Conqueror	-	-	Arafeen	R/A (30/7)	
Seabulk Command	-	-	IBS	R/A (24/7)	

Vessels at outer anchorage Ready on					
Min Jang	Gr	Sing	BDSHP	25/7	
Bay Pride	Gr (Log)	Yang	SMSL	26/7	
Yemaya	Rice (P)	Sing	Litmond	21/7	
Som III Po	Rice (P)	Saig	Rainbow	22/7	
Haci Rest Kalkavan	Wheat (P)	Teiki	Angelic	6/7	
Sanko Rainbow	Wheat (P)	P Land	Rainbow	22/7	
Banga Birol	Cont	P Kel	BDSHP	22/7	
Acturia (Cont)	Cont	P Kel	QCSL	1/8	
Nan Shin Hai	Wheat (P)	Edad	Litmond	29/7	
Osg Argosy (Cont)	Cont	Col	Everest	1/8	
Glorhai Uranus	RBD/CCOIL	P Gwd	TSI	1/8	
Oebu	Wheat (P)	Sing	Angelic	19/7	

Vessels Awaiting Instruction					
Banglar Jyoti	-	-	BSC	R/A (24/7)	
Banglar Urmi	-	-	BSC	R/A (29/7)	
Banglar Mamata	-	-	BSC	26/7	

Vessels not Entering					
Elpida	GTSP	Tampa	Litmond	6/7	
Virginia-1	CTSP	Tuni	SSST28/7		
Banglar Mookh	Dap	Tuni	SSST24/7		
Leopard-1	C Clink	Kosh	ANCL	8/7	
Johnny-L	C Clink	Krabi	ANCL	28/7	
Mega Bay	Scraping	Sing	Simmi	11/7	
Professor Pavlenko	-	-	SMSL	R/A (10/5)	
North Star-II	Cement	-	SBS	R/A (13/7)	
Accord	Cement	-	Viking	5/4	
Norbulk Oak	-	-	NWSL	R/A (3/7)	
Provengr	-	-	Sunshine	R/A (9/10)	
Xing Ye	Rice (G)	-	MBSC	R/A (20/6)	
Karya Sentosa	Rice (G)	-	USTC	R/A (18/9)	

Movement of Vessels for 3/8/2000					
Outgoing	Incoming	Shifting			
RM/3	Guramus	J/1	Bay Pride		
		J/1	Yemaya		
		RM/4	We Ming		

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.



A delegation of the Junior Chamber, Bangladesh (JCB), headed by its President Nessar M Khan called on Commerce Minister Abdul Jalil at his office recently. Also seen in the picture are Waqar A Chowdhury, Adib Khan and Syed Tahsin Hoq.

— JCB photo

Government of the People's Republic of Bangladesh

Office of the Executive Engineer-
Barisal Public Works Division, Barisal

Tender Notice

Tender No 1/2000-2001

Tenders in 2911 BD Form on turn-key basis in sealed envelopes are hereby invited from contractors/contractors' firms/contractor/contractors' firms of respective nature civil/sanitary/electrical work as per financial feasibility under Public Works Directorate for the undermentioned work. Tenders can be submitted on 9/8/2000 till 12.00 Noon in all the offices as shown in Serial No 2. Tenders will be opened on the day of submitting tender at 12-15 PM in presence of the interested tenderers and the name of the work, name of contractor/contractor's firm and address and the address to whom the tender will have to be submitted should be mentioned on envelope.

- Name of office to sell tender : Group No 1, 2, 3 & 4. All divisions under Public Works Circle, Barisal.
- Name of office to receive tender : Group No 1, 2, 3 & 4. All divisions under Barisal