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# Star BUSINESS

DHAKA THURSDAY NOVEMBER 11, 2004 E-mail: dsbusin@gononet.com

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সময়: সকাল ১০টা থেকে রাত ১০টা পর্যন্ত (শুক্রবার সন্ধ্যাসের জন্য)

## Banks witness mad rush

Call money rate shoots to 16pc; banks operate beyond normal transaction hours; businesses decry six-day marathon holiday

### STAR BUSINESS REPORT

Banks yesterday witnessed huge transactions on the last day before the nation goes into six-day Eid hibernation, longest in many years, from today.

Cash drawings from banks were two to three times higher than usual days pushing the inter-bank call money rate to 15 to 16 percent. People queued up in banks to withdraw cash money to meet Eid spending.

Banking sources said there were few last moment inter-bank deals which skyrocketed to as high as 20 percent.

Heavy rush of customers forced banks to keep counters open beyond normal office hours. People were also seen flocking to ATM and Q-cash booths to withdraw cash. The bank officials had hard time to cope with heavy pressure of clients.

Many bank clients had to wait in queue for hours before getting their turn for drawing cash.

Some branches were forced to open additional payment counters and deploy more officers as cashiers to face the onrush of clients. Bank managers said people yesterday were simply drawing, hardly making any deposits.

Talking to The Daily Star, an official in Janata Bank local office in Dilkusha said they usually close at 2:00pm but yesterday they were

forced to keep branch open well beyond that.

"At 3:00pm we called the day off but were forced to keep counters open as more and more people were lining up with cheques," the official said.

He said cash withdrawal was three times higher than usual.

**Sonali, Janata Bank to operate some branches on Saturday**

Although there will be no banking transactions during the next six days, state-run Sonali and Janata Bank have decided to keep branches open in important places for some time during Eid vacation.

Bangladesh Bank has instructed Sonali and Janata Bank to keep their branches open in customs houses in Dhaka, Chittagong and Benapole land port, export processing zones (EPZs) and inland container terminal in Kamalapur during the six-day vacation except on Eid day and the day after.

Managing Director of Janata Bank SM Aminur Rahman said transactions usually go up to the peak at the last banking day before Eid. "There was huge demand of cash money. So, call money rate of 15 percent is not unusual."

"We have received instructions from Bangladesh Bank (BB) to keep some branches open during Eid time. The staffs who will work during this vacation will get special allowances," he told this correspondent.

Managing Director of Pubali Bank Khondkar Ibrahim Khaled said customers and exporters will not face problems due to the six-day closure of banks as people are likely to have withdrawn sufficient cash and exporters have opened L/Cs beforehand.

"The only people who will suffer from bank closure are shop-owners who will not get chance to deposit their sale proceeds. We have not received any instructions from the central bank to open branches for some time during Eid holidays," he said yesterday.

Sources said call money rate usually hovers around 4-5 percent. The rate was 6-7 percent on Tuesday. But it suddenly jacked up to 16 percent yesterday as new banks faced liquidity crisis amid pressure of voluminous cash withdrawals.

Moreover, Bangladesh Bank has drawn Tk 442 crore from the banking sector through treasury bill auction held yesterday. The commercial banks, however, recovered from the cash crisis by availing Tk 380 crore through repurchase agreement of the central bank.

**Businesses decry six-day vacation**

Meanwhile, businesspersons reacted sharply to government decision to close banks for six days during the Eid saying that exporters and importers will suffer due to the long closure.

Annisul Huq, president of Bangladesh Garment Manufacturers & Exporters Association (BGMEA), said although six-day Eid vacation will not affect the export-import process significantly, the weeklong vacation will create problems in documentation process.

"Moreover, most of the factory-owners decided to pay salary to their staffs and workers on Saturday. Now, their sale proceeds. We have not received any instructions from the central bank to open branches for some time during Eid holidays," he said yesterday.

Mid Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said, "Definitely the six-day vacation will affect the general business as well as export-oriented business."

"I cannot remember that I saw any six-day Eid vacation in my life," he said adding, "We on Tuesday wrote to the Bangladesh Bank Governor and Commerce Secretary to keep the banks open on Saturday."

His Chittagong correspondent said: Chittagong Chamber of Commerce and Industry (CCCI) urged the government to keep some branches of commercial banks open through special arrangements on Saturday to ensure uninterrupted business activities ahead of Eid.

In a Fax message to the finance minister, CCCI President Amir

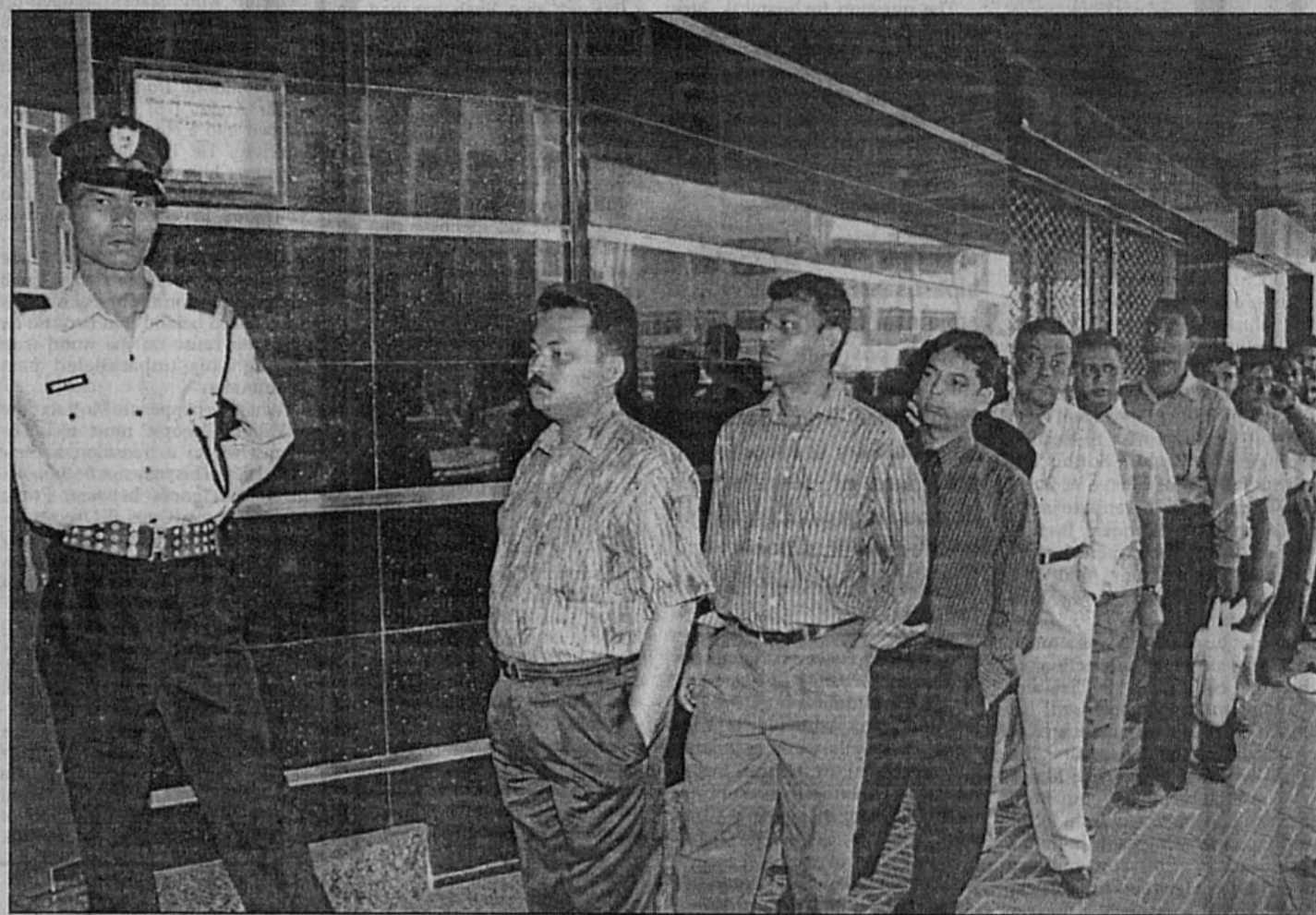


PHOTO: AMRAN HOSSAIN  
Clients queue up to draw cash at Standard Chartered Bank's Motijheel ATM Booth which ran dry at one stage due to heavy rush yesterday, the last business day before the six-day bank holiday starting today. The officials however replenished the booth later.

Humayun Mahmud Chowdhury yesterday said the government has announced a six-day holiday from today, but all sorts of business activities are likely to continue in full swing until Sunday.

With the banks remaining closed and financial transaction of the shoppers and sellers continued, the

businessmen would be forced to keep all the cash money either in their respective business firms or at homes, which might endanger their safety, the message said.

At the backdrop of deteriorating law and order keeping cash money at any place other than banks would be risky posing a threat to the public

safety as well, the chamber president pointed out.

The shop-owners are in fear, as they cannot deposit their cash from sale from today. "We hoped that the banks will remain open until Saturday. But the government declared a six-day Eid vacation and we are fearing with our cash money,"

said Amir Hossain Khan, president of Bangladesh Dokan Malik Samity (shop owners' association).

He estimated that Eid shopping will reach the tune of Tk 3,000 crore during last three days before Eid in the country. Where will the shop-owners put the cash amount? He posed the question.

## Dell to hire 300 Indians for third call centre operation

AFP, Bangalore

US computer-maker Dell Inc. said Wednesday it would open a third call centre in India that would start operations by next March and employ 300 staff.

The centre will be located in the northern city of Chandigarh, said Romi Malhotra, managing director of the Indian subsidiary, Dell India.

"Dell will begin recruiting efforts immediately and will hire technical support and customer relations agents, as well as managers, over the next few months," Malhotra said in a statement.

Dell opened its first Indian call centre in the southern technology hub of Bangalore in 2001 and later added a software development centre. In 2003 it opened a second call centre in Hyderabad.

Malhotra said employees at the Chandigarh centre will help support Dell customers and assist in sales, customer care and other shared services.

Over 2,000 foreign firms have outsourced backoffice operations to India to take advantage of its vast pool of educated and less expensive English-speaking workforce.

## Sri Lanka raises interest rates amid worsening economy

AFP, Colombo

Sri Lanka's central bank Wednesday raised benchmark interest rates by half a percentage point amid rising inflation, a widening trade deficit and a foreign exchange crisis.

The bank raised its overnight repurchase rate from 7.0 percent to 7.5 percent and its reverse repo rate from 8.5 percent to 9.0 percent.

The move comes two days after the finance ministry admitted for the first time that the country was facing a foreign exchange crisis and slapped higher taxes on luxury goods to discourage imports.

The Bank said inflation, which had eased from the start of 2002 and hit the lowest level of 3.7 percent in April, had begun to climb sharply. Inflation as measured by the broad-based Sri Lanka Consumers' Price Index rose to 14.4 percent at the end of last month compared to 4.1 percent a year earlier.

Trade figures were also worse than expected. The trade deficit widened to 1.57 billion dollars in the first nine months of this year compared to a shortfall of 940 million in the corresponding period last year.

The finance ministry said two days ago that the crisis in the country was fuelled by increasing world market prices for oil.

## Shohagh Paribahan adds 10 Volvo buses to fleet

STAR BUSINESS REPORT

A leading road transport company, Shohagh Paribahan, yesterday added 10 luxury Volvo buses to its fleet to boost its inter-district transport network.

The company also introduced computerised ticket reservation system, offering smooth reservation services to travellers.

Communications Minister Nazmul Huda formally inaugurated the Volvo Classic buses and ticket reservation system at a function in Dhaka.

Initially, the 38-seat air-conditioned buses will ply on Dhaka-Chittagong route. Shohagh Paribahan hopes to introduce the latest model of Volvo series bus in next phases on other inter-district routes such as Dhaka-Khulna, Dhaka-Jessore-Benapole and Dhaka-Satkhira.

The salient features of Volvo classic include automatic air-conditioning system, six executive class seats, movie on DVD and individual audio players.

A Dhaka-Chittagong executive class seat is fixed at Tk 550 and regu-

lar class Tk 370.

The Volvo buses have increased the number of Shohagh Paribahan vehicles to over 100.

Golam Mohammad Siraj MP, Chairman of Bangladesh Telecommunications Regulations Commission Syed Marghub Murshed, Swedish Ambassador to Bangladesh Borje Mattsson, Managing Director of Shohagh Paribahan Faruk Talukder Sohel and Deputy Managing Director of Pubali Bank Helal Ahmed Chowdhury were also present at the function.



PHOTO: STAR

US Deputy Assistant Secretary of State for South Asian Affairs Torkel Patterson visits Chittagong Port yesterday. High officials of the port authority were also present.

## Japan's parliament ratifies free trade pact with Mexico

AFP, Tokyo

Japan's parliament on Wednesday ratified a free trade agreement with Mexico, paving the way for it to go into effect next April as targeted by Tokyo.

"Today the upper house of parliament approved the Japan-Mexico economic partnership agreement," said foreign ministry spokesman Hattetsuhisa Takashima.

"In order for both nations' peoples to fully enjoy the benefits of this pact, we will continue to take necessary procedures," he told reporters.

Parliament still needs to pass

trade and tax code bills to back up the free trade agreement while Mexico's legislature has yet to ratify it, another ministry official said.

The pact, signed by Prime Minister Junichiro Koizumi and Mexican President Vicente Fox in September in Mexico City, is Japan's first free trade agreement with a Latin American country and Mexico's first with an Asian country.

The trade deal has strategic importance for Japan since export-oriented plants in Mexico will have non-tariff access to big consumer markets in the United States and Canada under the North American

Free Trade Agreement.

Mexico for its part hopes the deal will translate into greater Japanese investment in Mexico and increased access, particularly to Japan's lucrative farm products market. Japan imports 60 billion dollars worth of food a year.

Bilateral trade in 2002 totalled 5.5 billion dollars with Mexico importing some 3.7 billion dollars worth of goods from Japan.

The only other free trade accord Japan has is one with Singapore. It is currently in bilateral free trade negotiations with Malaysia, the Philippines, South Korea and Thailand.

## China posts \$7.09b trade surplus in Oct

AFP, Beijing

China scored its sixth consecutive monthly trade surplus in October, with exports outstripping imports by some 7.09 billion dollars, the Ministry of Commerce said Wednesday.

In the 10 months to October, China had a trade surplus of 10.97 billion dollars compared with a surplus of 3.93 billion dollars in the first nine months of the year.

The surplus stood at 14.9 billion dollars in the same period last year, ministry figures showed.

China's exports in the 10 months rose 34.5 percent year-on-year to 468.72 billion dollars, while imports were up 37.2 percent to 457.75 billion dollars, the ministry said on its website.

In October alone, exports rose 28.5 percent over a year ago to 52.53 billion dollars, while imports were up 29.3 percent to 45.43 billion dollars, it said.

## ECB concerned about eurozone inflation

AFP, Frankfurt

European Central Bank chief economist Otmar Issing said Wednesday that inflation in the eurozone was higher than the bank would like it to be, adding that the ECB was monitoring inflation developments with concern.

"It is higher than we would consider desirable," Issing told the Frankfurter Allgemeine Zeitung in an interview. "We are observing this development with vigilance and not with concern."

He said inflation risks have increased.

"Some threatening clouds have appeared on the horizon, not least in the form of the strong oil price rise," Issing said, adding it is important higher fuel costs do not push wages higher.

He said indirect tax increases and excess liquidity in the euro zone also present inflationary risks.

Eurozone inflation rose to 2.5 percent in October, according to provisional data. But Issing said the ECB remains confident that inflation will fall below 2.0 percent over the medium term.

"If all these factors remain under control, one can be confident that in the medium term, the inflation rate will fall under 2.0 percent," he said.

Issing said the risks to economic growth in the eurozone have also increased as a result of high oil prices, but rejected the suggestion that a return to economic stagnation is possible.

## India's plan to spend forex reserves may fuel deficit

REUTERS, Bombay

India's plan to use a slice of its huge foreign exchange reserves to improve its creaking infrastructure is widely seen as a stealthy move to increase an already high fiscal deficit and could stoke inflation.

Inspired by similar moves in China and Taiwan, India's communist-backed Congress government is toying with the idea of using part of its foreign exchange reserves to upgrade transport, power and communications networks in Asia's fourth-largest economy.

The reserves, which in 1991 were barely enough for three weeks of imports, are now at a record \$121.2 billion; the world's fifth-largest total and enough to finance 17 months of imports.

That prompted Montek Singh Ahluwalia, the powerful deputy chief of India's planning commission, to argue that reserves were "more than required" and that \$5 billion a year could be used to fund infrastructure development over the

next three years.

His proposal comes eight years after the planning commission proposed that reserves be spent on restructuring state firms. That plan was scuttled, but the latest one may have more life.

Ahluwalia's is a powerful member of the government and is known to have the prime minister's ear. Despite the chorus of protest, he may yet get his way, analysts say.

His plan looks disarmingly simple, but closer inspection reveals a host of problems, economists say. The central bank is up in arms about it.

The Reserve Bank, and not the government, owns the reserves, central bank officials say, adding that the government would have to pay for them by issuing securities to the central bank -- in effect swelling the fiscal deficit, which currently stands at around five percent of gross domestic product.

As well, the plan would push billions of rupees into the economy, fuelling money supply growth and

inflation.

"The plan will have significant inflationary consequences," said Shankar Acharya, former chief economic advisor to the federal government.

"Public investment in infrastructure should be increased, but through the normal methods of raising more tax and non-tax revenue resources and by containing low-priority expenditure."

The plan is one of many dilemmas facing Prime Minister Manmohan Singh's new government, which took power in May.

In a country with a public debt of over \$500 billion and a stubbornly high fiscal deficit, how can Singh find the money to finance the infrastructure investment the economy desperately needs -- especially when his Communist allies are wary about throwing open the doors to foreign investors?

Annual borrowing by India's central and state governments amounts to around 10 percent of gross domestic product.

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02.	CUFL/PUR/2004-2005/87(19) date 30-10-04	6000 kg jute twine	12-12-04	Tk 50.00	Tk 3,500/=
03.	CUFL/PUR/2004-2005/5(437) date 30-10-04	Electrical goods	15-12-04	Tk 200.00	Tk 37,500/=

Tender documents may be purchased from (i) BCIC, 30-31, Dilkusha CA, Dhaka, (ii) BCIC, Branch Office, 6, Agrabad CA, Chittagong and (iii) Accounts Department, CUFL, Rangadia, Chittagong. No tender documents will be sold on the opening date of the tender. Tender will be received in the office of the General Manager (Commercial), CUFL up to 11:30 AM on the due date and will be opened immediately thereafter in presence of the bidders or their representative if any. Due to any unavoidable circumstances if the tender cannot be opened in the scheduled date, tender will be received and opened on the next working day in due time. This procurement will be guided by the Public Procurement Regulation-2003.

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