

Indian airlines look to smaller planes in regional push

REUTERS, Hyderabad
 Indian airlines are in talks with ATR, Bombardier and Embraer to buy smaller planes to fly to the country's booming second and third tier cities ahead of a government drive to get more of the country connected by air.

National carrier Air India plans to add 40 new planes to its domestic fleet by the end of 2017, of which 13 will be smaller turboprop planes for regional connections, its chairman Ashwani Lohani told Reuters on Friday.

Lohani said the airline, which already leases eight ATR turboprop planes and three Bombardier CRJ-700 70-seater aircraft, would launch "a major foray" in to flying to smaller cities this year.

Low-cost carrier SpiceJet is also talking to small aircraft makers to add to its fleet of 14 Bombardier Q400 turboprop planes, as it expands the number of shorter routes it flies, a company spokesman said.

India's government in October outlined plans to boost regional aviation connectivity by forcing airlines to fly to smaller cities and reopening many of the country's 350 disused airstrips as "no-frills" airports.

"The government's initiative to develop

regional connectivity encourages airlines to go into these markets and creates an opportunity for us," said John Moore, head of sales at ATR, one of several firms showing off their latest planes at this week's airshow in the south Indian city of Hyderabad.

ATR, owned by Airbus Group and Italy's Finmeccanica, aims to sell about 90 planes to Indian airlines in the next three to five years, adding to the roughly 30 in operation currently, Moore said.

India is one of the world's fastest growing aviation markets where passenger numbers grew a fifth last year to 81 million, with lower fuel prices and rising disposable incomes helping millions fly.

But most of the travel in a vast country that is home to 1.3 billion people is between the country's larger and wealthier cities. The government wants to make air travel more accessible for the masses rather than the relative luxury it is today.

Critics, however, say that forcing airlines to fly often unprofitable routes where demand is unproven will stifle the market and land carriers with unfair costs.

India's civil aviation minister, Ashok Gajapati Raju, said on Wednesday that the government planned to publish the final civil aviation rules detailing the regional connectivity programme next month.

IMF's Lagarde: Negative rates benefit global economy

AFP, Washington
 Negative interest rates set by central banks in Japan and Europe to fight deflation are good for the global economy, International Monetary Fund Managing Director Christine Lagarde said Friday.

Lagarde told Bloomberg TV that the unorthodox negative short-term rates, in which commercial banks pay central banks to hold their money, had probably supported stronger economic growth.

"If we had not had those negative rates, we would be in a much worse place today, with inflation probably lower than where it is, with growth probably lower than where we have it," she told the broadcaster.

"It was a good thing to actually implement those negative rates under the current circumstances."

The European Central Bank, the Bank of Japan, and the central banks of Sweden, Denmark and Switzerland have taken rates negative in the past year in efforts to spur commercial banks to push more of their surplus funds into the economy to generate more spending and investment.

While in theory the concept should work, economists are closely studying what happens in Europe and Japan amid worries that negative rates could actually provoke businesses and consumers to be more cautious about spending.

Janet Yellen, chair of the Federal Reserve, which raised interest rates in December, said Wednesday that the Fed is watching the experience of negative rates in other countries.

"I guess I would judge they seem to have mixed effects, you know, some positive and some negative things," she said.

The Fed, for its own part, is "certainly not actively considering negative rates," she added.



Md Shahriar Alam, state minister for foreign affairs, hands over a gold medal on behalf of the Centre for NRBs to Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, for the bank's contribution to bringing in foreign remittance, at Pan Pacific Sonargaon hotel in Dhaka yesterday.

Facebook, Twitter compete for live TV rights

REUTERS
 Facebook Inc and Twitter Inc are vying to buy rights to stream conventional TV programming, the New York Post reported on Thursday.

Both companies have approached programmers about a deal, the Post said, citing several sources familiar with the situation.

Facebook, which is already in talks with the National Football League for digital rights to Thursday Night Football, has met

with a wide range of TV executives over the past few weeks, sources told the Post.

However, it was not known how Facebook would deliver the shows, sources who heard the pitch told the newspaper.

"Our goal with live video is to work with our partners to move to a sustainable monetization model quickly," Facebook said in a statement.

"We are not focused on acquiring the rights to conventional TV programs," Twitter declined to comment.



Shakila Zafar, a singer, opens the second outlet of Indian slimming, beauty and laser clinic centre Vibes, at Pink City in Gulshan, Dhaka. Ankur Jain, joint managing director of Vibes, was also present.

Russian central bank, fearing inflation, keeps key rate high

AFP, Moscow
 Russia's central bank on Friday kept its key rate steady as inflation fears outweighed any temptation to use recent ruble strength as an opportunity for a rate cut in a bid to help the economy.

Boosted by a budding recovery in the price of oil, of which Russia is a main producer, the ruble had prior to the announcement crept back up to a 2016 high after slumping on the back of falling oil prices. It was trading at around 68 to the dollar and 76.5 to the euro on Friday.

A stronger currency typically dampens inflationary pressures as imports become cheaper, but the central bank let caution prevail.

"Despite certain stabilisation in financial and commodity markets and a

slowdown in inflation, inflation risks remain high," it said in a statement following a regular board meeting.

The ruble's slide at the beginning of this year caused the central bank to stall on its policy of gradual reductions in the base rate, which it cut four times last year from a high of 17 percent to the current 11 percent.

The bank went for a mammoth rate hike in December 2014 as it battled to stave off a collapse in the currency due to a battered economy.

The reduction in the rate since has done little to help Russia's recession-hit economy, hurting from a the effects of the oil price slump and Western sanctions over Ukraine.

Despite a desperate need to nudge on an economic recovery, the Bank of Russia warned that it is unlikely to cut the rates again in the near future.

"To enable the accomplishment of inflation targets, the Bank of Russia may conduct its moderately tight monetary policy for a more prolonged time than previously planned," the bank said in its statement.

Alfa Bank said that the warning was "more hawkish" than expected as the central bank battles to reach its goals for inflation.

Capital Economics said the statement suggested that future interest cuts are "only likely to come towards the end of the year. And even then, interest rate cuts are likely to be relatively modest".

Oil prices have firmed slightly recently on hopes key producers will agree next month to limit output amid a global supply glut, thus helping the ruble.

Bad weather could clip India's wheat crop by 14pc

REUTERS, New Delhi
 Persistent rain and hail storms could cut India's wheat crop by at least 14 percent this year, potentially forcing the world's second-biggest producer to import the grain for the first time in a decade, an industry body said.

Bad weather will shave off at least 13 million tonnes from the farm ministry's latest forecast of 93.8 million tonnes for 2016, industry body ASSOCHAM said in a

Banking outlook bleak, says BMI Research

FROM PAGE B1
 "Over the coming quarters, we believe that NPLs will continue to stay elevated as a large portion of these bad loans lies within the state-owned and specialised banks, which have traditionally been inefficient in their operations."

The research firm said one of the key weaknesses of Bangladesh's banking system lies in the poor management quality, which has resulted in inefficiencies and high cost of operation.

Although management quality is largely based on qualitative aspects rather than quantitative indicators, the expense-to-income ratio can be used as proxy to measure the efficiency of the management and its soundness.

The expense-to-income ratios of the state-owned and specialised banks are higher than the private and foreign commercial banks, and the overall indicator has been on the rise since 2011.

Despite various efforts by policymakers to turn around the poorly managed state banks -- such as privatising them, converting them into limited liability companies and appointing new management -- progress has been slow, the report said.

The profitability and earning ability of Bangladesh's banking sector has been declining over the past few years.

For instance, in June last year, return on

assets (ROA) and return on equity (ROE) stood at a low 0.5 percent and 6.6 percent respectively.

To put this in context, the ROA for Filipino banks averaged around 1.2 percent in the third quarter of fiscal 2015, while ROE was reported at around 10.1 percent.

"We see little prospect of this trend reversing over the coming quarters."

Due to rising levels of NPLs, banks will be forced to increase their loan-loss provisions, which will weigh on their profitability.

Furthermore, the rising level of excess liquidity in the banking sector underscores a lack of profitable lending opportunities as well as the poor business environment in the country, the report said.

Excess liquidity, as defined by cash held by a bank above what is required by the regulatory authorities, rose to 16.9 percent in June 2015 from just 6 percent in 2010, it said.

Meanwhile, the loan-to-deposit ratio fell to 71.9 percent from 79.4 percent in 2014.

"Over the coming quarters, we believe that this situation will persist as the rise in domestic security threats will continue to curb investor appetite and weigh on credit growth," the report added.

Facebook supports six start-ups

FROM PAGE B1
 Bangladeshi youth needs to partner with global giants to create better opportunities, Anis Uzzaman, chief executive of Fenox Venture Capital, said at the event at Radisson Blu hotel in Dhaka.

"Bangladesh should embrace innovation and entrepreneurship in the start-up segment," he said. Fenox has already invested in three local companies since opening its office in Dhaka.

By 2020, more than 75 billion devices will be connected to the internet around the world, and the online economy's size will be \$1.9 trillion, where Bangladesh could play an important role, Anis Uzzaman said.

There are more than 5.83 crore active internet connections in Bangladesh, and

more than 13 crore active SIMs.

"People are increasing their utilisation of the internet with increasing digitalisation of our lives, and we need more local content for that," said Mahmud Hossain, chief corporate affairs officer of Grameenphone.

The one-day event showcased the potential of existing innovators and entrepreneurs in Bangladesh, said Mustafizur Rahman Khan, chief executive and founder of SD Asia.

"By bringing international and local investors, entrepreneurs, and businesses under one roof, the event works as a catalyst to deepen the interest about the internet-based local economy," he added.

All participating start-ups received Microsoft's BizSpark/YouthSpark packages worth \$10,000.

State banks miss out on WB's low-cost funds

FROM PAGE B1
 All of these factors inhibit long-term investments by households and the ability of firms to invest in capital upgrade and technology, expand and grow businesses and jobs at the faster pace.

A WB estimate shows there is a significant demand for long-term financing by firms, conservatively estimated at \$1.5-2 billion per year for the export market. Yet, supply by the market lags behind significantly.

To help Bangladesh address the constraints, the WB has created a \$350 million fund in June last year.

The project became effective on

September 20, 2015, with the BB setting up a department named Financial Sector Support Project and Strategic Planning Department to implement it.

In November last year, the BB issued a letter outlining the criteria for banks to use the loans.

Other than a low NPL ratio, the CAMELS rating, which is a supervisory rating system to measure a bank's overall condition, has to be good to get the loan.

Nine new banks that came into operation in 2013 are also missing out on the funds, as they are required to be in operation for at least three years to access the loans.

"Banks having observers won't be able to get the loans," said Joarder Israil Hossain, general manager of the BB's Financial Sector Support Project and Strategic Planning Department.

For example, Islami Bank, despite being a major private bank, is not getting the funds because the central bank has appointed an observer to it for its governance crisis.

Banks that have signed participatory deals with the BB for the loans are upbeat about the benefits.

"The cost of loans will be low and funds will be given for a longer term," said Shaful Alam, managing director of Jamuna Bank.

Govt forming a company for country's first satellite

FROM PAGE B1
 The satellite will also help in launching DTH (direct-to-home) services and narrowing the digital divide by taking broadcasting and telecom services to rural areas, Tarana said.

The study of Bangladesh Telecommunication Regulatory Commission also found that about 70 percent of the satellite's revenue would come from the neighbouring countries, while the rest will be earned locally.

The satellite will have the capacity to serve all the South and Southeast Asian countries, including Nepal, Bhutan, Sri Lanka, Indonesia, Malaysia and the Philippines.

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NOTICE OF THE 55TH ANNUAL GENERAL MEETING
 Notice is hereby given that the 55th Annual General Meeting of the Company will be held on Saturday, 16th April 2016, at 11:00 a.m. at the Emmanuelle's Banquet Hall, House No. 04, Road No. 134-135, Gulshan-1, Dhaka to transact the following business:

AGENDA

1. Consideration and adoption of the Directors' and Auditors' reports and the audited accounts of the Company for the year ended 31st December 2015.
2. Declaration of dividend for the year 2015.
3. Election of Directors.
4. Appointment of Auditors for the year 2016 and fixation of their remuneration.

By order of the Board

Mohammad Ruhan Miah, FCS
 Company Secretary

Dhaka,
 20-03-2016

NOTES :

1. 30-03-2016 is the Record Date. The shareholders whose names will appear in the share register of the Company or in the depository register on that date, will be eligible to attend the Annual General Meeting.
2. A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her place. The proxy form, stamped with a revenue stamp of Tk. 20, should be submitted at the Head Office of the Company 48 hours before the meeting, i.e. by the close of business on 13th April 2016.
3. For the sake of convenience, shareholders are requested to submit their queries on the Directors' report / Audited accounts for the year 2015, if any, at the Head Office of the Company preferably 7 days before the day of the General Meeting.

Shareholders bearing BO ID are requested to update their respective BO ID with 12 digits Taxpayer's Identification Number (e-TIN) and any change of address through their Depository Participant (DP); and

Shareholders bearing Folio Numbers are requested to submit their 12 digits e-TIN certificate to the Share Department of the Company latest by March 29, 2016; failing which Income Tax at source (for both the cases) will be deducted from cash dividend @15% instead of 10% as per amended Income-Tax Ordinance (ref. Finance Bill 2014-15).

As per circular of Bangladesh Securities and Exchange Commission (BSEC) no. SEC/CMRCD/2009-193/154 dated October 24, 2013, no food or gift will be arranged at the AGM.