

# Apartment prices to go beyond reach of middle class

Realtors say as prices of construction materials soar

STAR BUSINESS REPORT

Housing costs will go beyond the reach of middle-income earners as the prices of construction raw materials have risen due to the ongoing coronavirus pandemic, realtors said yesterday.

## THE SECTOR AT A GLANCE

Ongoing projects:  
**6,000**

Total investment: Tk  
**150,000cr**

Employment:  
**35 lakh** (direct and indirect)

Apartments delivered per year:  
**10,000-12,000**

Allied sectors:  
**250**

During the prolonged nationwide shutdown that began on March 26 and ended on May 30, about 6,000 projects belonging to various members of the Real Estate and Housing Association of Bangladesh (REHAB) were left in limbo as development works were halted all across the country.

The sector began to rebound when the government allowed the use of untaxed income for purchase of an apartment or land and implemented a reduction in registration fees.

But apartment prices could eventually balloon due to the rising cost of raw materials and delays in project implementation, according to the realtors.

"The demand for apartments has declined amid the outbreak as customers are reluctant to make big investments in this time of panic and uncertainty," said Alamgir Shamsul Alam, president of REHAB.

Alamin made these comments while addressing a webinar styled, 'Future of real estate industry: How it's reshaping for challenges in new normal', which was organised by The Daily Star in cooperation of Baizid Steel yesterday.

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The usual hubbub at Gausia Market in Dhaka has almost made a comeback as shoppers venture out coming to terms with the pandemic while local mills' fabric sales rise at the domestic markets. The photo was taken on Friday around noon.

PHOTO: FIROZ AHMED

# Mobile phone users rise to four-month high

Internet subscription also goes up

MD FAZLUR RAHMAN

The number of mobile phone users rose to a four-month high in July while internet connections continued to soar in another signal that the country's economic recovery is gaining pace.

Mobile phone users totalled 16.43 crore in July, the highest since April, the first month that started to witness the full impacts of the coronavirus pandemic.

The figure is 1.36 per cent higher than 16.21 crore customers the country's four mobile phone operators had combined in the same month a year ago, data from the Bangladesh Telecommunication Regulatory Commission (BTRC) showed.

At the end of the first month of the ongoing fiscal year, market leader Grameenphone had 7.6 crore mobile phone subscribers, up 0.86 per cent year-on-year. The largest mobile phone operator had returned to almost pre-pandemic levels of 7.586 crore it posted in February.

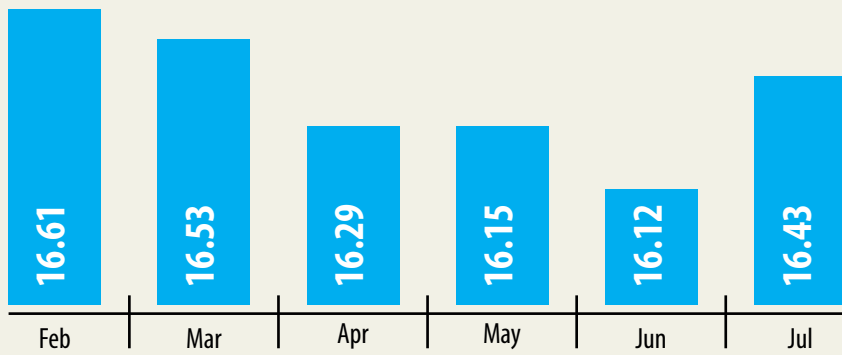
Robi Axiata's customer base expanded by 2.85 per cent year-on-year to 4.91 crore in July. It had 4.96 crore subscribers in February.

Banglalink's number of customers fell by 0.86 per cent to 3.44 crore in July. It had 3.58 crore customers in February.

Year-on-year, state-run Teletalk's customer base expanded the most among all operators, by 10.69 per cent to 46.81 lakh. Compared to February, it is yet to

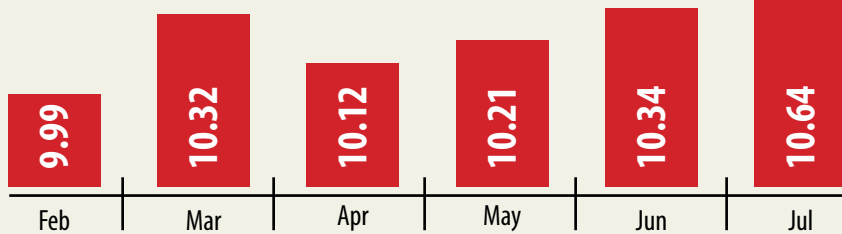
## Active SIMs

In crore; SOURCE: BTRC



## Active internet connections

In crore; SOURCE: BTRC



return to the pre-pandemic level of 48.73 lakh.

"Following a devastating blow of the coronavirus pandemic on our business, it is very encouraging to see a positive picture on customer acquisition in July," said Shahed Alam, chief corporate and regulatory officer of Robi Axiata.

"However, we think it is too late to conclude that we have left the pandemic behind us as the rate of churn is also very high at this moment. We don't see the situation stabilising somewhat before the end of the year," he added.

The churn rate, also known as the rate of attrition or customer churn, is the rate at which subscribers stop doing business with an entity.

The number of internet users rose 10.6 per cent to 10.64 crore at the end of July, reaching a new high. It was 9.99 crore in February, BTRC data showed.

Internet use has increased significantly since the pandemic hit Bangladesh in March as people relied on it to work remotely, communicate, buy things online and make payments.

In Bangladesh, internet usage is dominated by mobile internet. In July, 9.78 crore subscribers were accessing internet through mobile phones, while the rest 85.71 lakh through internet service providers and public switched telephone network operators.

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# HSBC introduces dual currency transaction feature on debit card

STAR BUSINESS DESK

British lender HSBC has introduced a dual currency transaction feature on its debit card.

The new facility will offer cardholders greater flexibility and help them to carry out overseas transactions for shopping, dining and any other needs, the bank said in a statement yesterday.



To avail the service, existing cardholders need to visit their nearest HSBC branch and endorse their passport for travel quota entitlement against their existing local HSBC debit card.

Once this is done, the existing local HSBC debit card will be accepted for purchases in all Visa merchants around the world as well as in Bangladesh.

"We see our debit card as an element to provide our customers with flexibility, convenience and the most value adding international experience," said Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh.

"With the addition of this dual currency feature, we stay deep-rooted in our commitment to connect customers with our unparalleled international network in today's globalised world."

Ahmed Saiful Islam, head of wealth and personal banking at HSBC Bangladesh, said "Our commitment to facilitate international connectivity for our customers goes a step ahead with this dual currency feature launch on our debit card."

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# Demand for paints picking up again

Says Vishal N Mothreja, CEO of Kansai Nerolac Paints Bangladesh

KHONDOKER MD SHOYEB

The stage was all set for Kansai Nerolac Paints Bangladesh, as it was annually growing at 25 per cent since acquiring majority stakes of another high-performing paint maker RAK Paints in 2018. Foolproof strategies were also in place to become the best in the business.

But suddenly the Covid-19 came to the scene and slowed the momentum.

The contagion started its run by hitting the revenue first and reducing the quarterly sales by almost a half, said Vishal N Mothreja, CEO of Kansai Nerolac Paints Bangladesh.

Thanks to the strong management, however, the company stayed afloat, said the Indian, who joined the Bangladesh chapter of Kansai Nerolac with over 22 years' experience in the paint industry.

The pandemic caused an economic trauma and showed how poorly prepared the country as well the world was to fight a disease, he told The Daily Star during an interview last week.

All but fast-moving consumer goods, food and hygiene products-related industries remained closed from the end of March to mid-May, when the demand for paint fell sharply, he said.

"We were actually doing really great before the Covid-19 outbreak. But the pandemic caused a complete pause in the whole supply chain."

All of a sudden, there was none to offer any paint job to the painters, the frontline soldiers of the paint industry, he said.

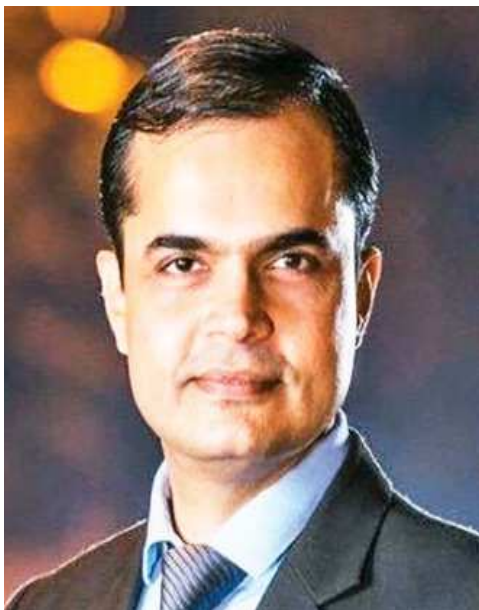
People's intention to avoid being infected with the microscopic virus by postponing all kinds of paint jobs eventually dented the financial health of all paint makers, he said.

However, Kansai Nerolac Paints Bangladesh, which originated from the world's eighth largest paint manufacturer Kansai Paint of Japan with operations in 80 countries in Asia, Europe, America and Africa, stood by its employees, painters and Bangladesh as a whole in the trying times.

The company extended donations to the painters who were the worst hit by the pandemic, said Mothreja.

"We didn't go for any job cut. Rather we kept paying salaries to our employees on time. Moreover, we also hired a few more to take care of our future range of products."

Moreover, the multinational paint producer joined the battlefield to kick the coronavirus out of Bangladesh with the launch of a



Vishal N Mothreja

countrywide safety awareness campaign in May, he said.

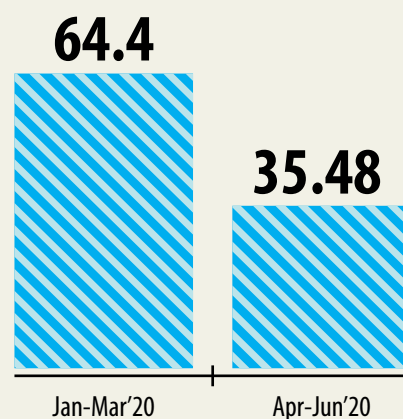
"We launched another campaign during the Eid-ul-Azha urging people to stay indoors and not to travel unless it's necessary in order to remain safe from the coronavirus."

"Kansai Bangladesh believes in the wellbeing of our stakeholders. We had given safety guidelines and safety kits to our employees and took all effective measures to ensure their safety."

Digital platforms became the medium to hold all external and sales meetings of the

## QUARTERLY SALES OF KANSAI NEROLAC PAINTS BANGLADESH

(Tk in crores)



company, he said.

However, the sector started slowly recovering with the reopening of the economy in early July, from when Kansai Bangladesh once again started growing faster than its competitors, he said.

The demand for paint, the number of paint jobs and the overall sales figures all began increasing, he said.

During the two-month closure, the company worked on some marine products and launched the full range, including a few construction chemical products, just after the

shutdown, he said.

"We shall be launching powder coating and adhesives in the next few months."

"All our earlier growth plans for Bangladesh have been a bit delayed due to this pandemic, but none has stopped," Mothreja said.

A 101-year-old company, Kansai Paint entered India by acquiring 75 per cent stakes in Nerolac in 1999. Today, it is the largest industrial paint and third largest decorative paint company of India.

Net sales of Kansai Paint, also a champion in automotive coatings, were up 6.33 per cent year-on-year to 427,425 million yen in fiscal 2017-18.

Kansai Paint forked out \$7 million or Tk 57.26 crore to buy 55 per cent stake of RAK Paints through its Indian subsidiary Kansai Nerolac Paints.

In India, Kansai has introduced a unique technology paint called "Nerolac Excel Virus Guard" interior emulsion, he said.

Based on Japanese SHIQUY technology, the paint is 99.9 per cent effective against virus and bacteria and it also controls surrounding bad odour and humidity.

"We shall launch the same in Bangladesh soon."

At present, people are getting used to the "new normal". "It's a good thing."

"We do hope that the Covid-19 situation comes under control in the near future. However, one should also be prepared in case the situation holds out for long."

The focus of Kansai Bangladesh would be to ensure both the top-line and the bottom-line growth, he said.

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## RECOMMENDATIONS

» A platform can be launched to enable online transfer of customs duty for faster release of goods from ports

» A waiver on supplementary duty is a must now

» Small and medium industries should be exempted from the minimum tax on sales now