

# Unreal plans for housing

SAYEDA AKTER

The government takes steps to develop plots and construct flats for medium- and low-income group of people without taking any realistic measures to make it a success, said real estate sector leaders.

According to the national budget for 2012-13, around 75,688 plots will be developed and around 2.13 lakh flats will be constructed in Dhaka and other divisional, district and upazila headquarters.

In 2011-12, the government took an initiative to develop 22,800 plots and construct 26,000 flats for the low- and middle-income people in the next three years. Of which, 25,383 flats have already been built and allotment of the plots is still underway.

In addition to that, a total of Tk 160.50 crore has been allotted as housing fund, and as of

February 2012, a total of Tk 132.20 crore has been released from the fund.

At a time of inflation and sluggish real estate sales, industry people mark this decision as an unrealistic ambition.

They also urged the government to re-introduce the option to invest undisclosed money in the real estate sector.

The government offers flats at Tk 3,500 per square foot. That means a low-cost apartment will cost Tk 25 lakh to Tk 30 lakh, which is beyond the reach of any middle-income person, said industry insiders.

"The government should consider few things to make the plan a success -- such as lowering the interest rates for housing loans to 9 percent -- to encourage people to go for buying flats or plots," said Tanveerul Haque Probal, former president of Real Estate and Housing Association of Bangladesh.

The government should also make conditions for loans flexible, Probal said.

"No question should be raised about the source of income for a purchase of an accommodation. Otherwise, the initiative will bring no change in the sluggish sales in the sector."

The existing housing loan interest rate stands at around 17 percent.

The government has already signed a deal with Malaysia to build four satellite towns under public-private partnership at Dhamrai and Kamrangir Char in Dhaka, according to the budget speech of Finance Minister AMA Muhith yesterday.

That move also gave birth to many questions, as the government has been failing to provide civic amenities to the existing construction projects for both commercial and residential uses in last two years.

## Tax cut for shipbuilders

STAR BUSINESS REPORT

The government may reduce the tax burden, including advance income tax and advance trade VAT, on the shipbuilders from the existing 38 percent to 5 percent in the next fiscal year.

The shipbuilding industry will be benefited by the government proposal of reducing tax to 5 percent, said Afroza Bari, managing director of Ananda Shipyard and Slipways Ltd.

She also sought an additional 15 percent cash incentive to help the sector grow further.

The government in the budget for previous fiscal year identified some industries as thrust sectors such as agro-processing, shipbuilding, light engineering, pharmaceuticals, jute and leather goods, toys and furniture.

## London hotels "pricing themselves out of market"

REUTERS, London

Bookings at London hotels for the Olympic period are down by around a third on last summer, with travellers being put off by high prices, a British travel agent said on Wednesday, dampening hopes that the Games will help to revive Britain's economy.

Credit ratings agency Moody's said last month that the Olympics would provide only a temporary boost to corporate earnings but said hotels would be a clear beneficiary. However, past Games have shown evidence of a displacement effect - with regular tourists put off by fears of overcrowding and high prices during an Olympics.

Hotel wholesaler JacTravel is forecasting visitor arrivals to London in July to be more than 35 percent down on 2011, and August to be almost 30 percent down.

JacTravel's chief executive Mario Bodini said that Olympics expectations had been overly optimistic.

"It's a great event; great publicity for the country, but what we need is sensible hotel pricing, and to make sure it goes back to normal very quickly," he told Reuters.

The travel agent said a four-star hotel room in central London is normally priced between 80 pounds and 120 pounds (\$120-180) per night during in the peak summer season, but this year the range is 200 pounds to 415 pounds.

JacTravel's customer base includes travel agents, tour operators and online hotel booking engines, and therefore acts a useful barometer for the inbound tourism market. Hotel prices in London were distorted when local organizers block-booked 40,000 of London's 100,000 rooms for Games athletes, officials, media and sponsors. In January 2012, 20 percent of these were released back onto the market.

"The demand is still there internationally for people to come to the UK," said Mary Rance, chief executive of trade association UK Inbound, which represents tour operators and hotels.

"There's plenty of availability in London, more than enough hotel rooms, but rates have to be commercially viable ... Hotels and tour operators have to work together better to maximize the opportunity and fill those beds."



NITYA UPAHAR

Tadahiro Yamaguchi, managing director of Grameen-Uniqlo, and Bahar Rahman, owner of Nitya Uphar in Aziz Super Market, shake hands over an agreement between their firms in Dhaka yesterday. Grameen-Uniqlo clothes will be available at the Nitya Uphar outlet soon.



ROBI

Mahtab Uddin Ahmed, acting chief executive officer of Robi; Quamrul Hasan, managing director of Pragati Life Insurance, and Gustaf Agartsson, chief executive officer of Milvik (BIMA), attend a programme where a tripartite deal was signed at the Robi corporate office in Dhaka recently. Pragati and Milvik will provide some services to Robi users.

## Nitya Uphar teams up with Grameen-Uniqlo

STAR BUSINESS DESK

Grameen-Uniqlo clothes will now be available in the outlets of Nitya Uphar, a local fashion house, from June 20.

Tadahiro Yamaguchi, managing director of Grameen-Uniqlo Ltd, and Bahar Rahman, proprietor of Nitya Uphar, signed a deal in this regard in Dhaka yesterday, according to a statement of Nitya Uphar.

Grameen-Uniqlo is a not-for-profit social business in Bangladesh formed with the partnership of Grameen Bank of Bangla-

# Greek tourism battered by political crisis, fear

REUTERS, Killini, Greece

When he took a job as the manager of one of Greece's biggest resorts overlooking a sandy beach near Ancient Olympia, the cradle of the Olympic Games, Michalis Minadakis thought he had the goose that laid the golden egg.

But seven years later, his dream of a bonanza with sun-seeking tourists is in ruins as the country's debt crisis has deepened, sparking talk of a Greek exit from the euro and social unrest that has begun to scare off visitors.

"Germans have been good friends of Greek tourism but they're afraid to come over now," said Minadakis, his eyes fixed on empty sunbeds around a pool at his Olympia Riviera Resort that boasts four hotels and a beach that is 1.2 miles long (2km).

"This will be a very tough year. The hurdles we are facing are huge," he said, adding that he had suffered a 25 percent drop in bookings this year and received 50 percent fewer visitors from Germany, Greece's biggest tourist market.

Tourism, which slumped by 25 percent in 2009-2010 only to rebound last year, is crucial to Greece's economy, accounting for 15 percent of its output and one in five jobs in a country where unemployment has hit a record high of 21 percent.

Greece's sandy resorts, azure waters and ancient temples remain popular, but will not, it seems, be enough to pull it out of a fifth year of recession.

Andreas Andreadis, the head of Greece's tourism enterprises association (SETE), said he feared revenues would plunge this year. "We will see a considerable drop," he told Reuters. "A negative number, something like 10-15 percent."

The pain is already being felt - tourist receipts for the first quarter tumbled by 15.1 percent to 396.3 million euros from 466.7 million euros, the Bank of Greece said.

The Greek tourism minister held a brainstorming session with industry officials last week to try to draw up an anti-crisis plan and later said the state needed to spend more on advertising to attract last-minute bookings.

Separately, Greek and European tourist operators are mounting their own publicity and price-cutting campaigns.

"We are trying to save what can be saved," said Yannis Retsois, head of the hoteliers' association. "Anything close to a 10 percent revenue drop would be a success."

Last month's inconclusive parliamentary election, which left the country without a government and saw a party intent on renegotiating an international bailout that has kept the country afloat come second, increased the uncertainty.



REUTERS

Hotel workers sit opposite a closed hotel during a protest against cutbacks and reforms in their sector in central Athens.

Days after the election, reservations slumped by 50 percent. A repeat election on June 17 that may determine Greece's future in the euro - during what is the first month of the lucrative tourist season - has hoteliers and travel agents on edge.

Retsois said the uncertainty was damaging tourism and that the country needed a stable government to restore confidence.

The battle now was to contain losses, he added. "We've already lost half of the season and are fighting for July, August and September," he said.

International media reports reflecting growing resentment against Germany among ordinary people, political pundits and the popular press, coupled with warnings that anti-austerity strikes and protests could disrupt people's holidays, are not helping.

"I was a bit anxious coming here because of what the media reported about Greeks hating Germans," said Britta Müssler, a German tourist. "When I go back to Germany I'll tell everybody there is no need to worry."

About 2.2 million Germans visited Greece last year, but many now appear to be plumping for other destinations such as Spain or Turkey. Athens, where about a dozen hotels have shut down, and other big cities have been hardest hit.

"The German-Greek relation problem is huge. Only time can fix what's broken," said Retsois.

Last month, TUI Germany advised Greece-bound customers to take more cash in euros after its travel agents reported a surge in ques-

tions from customers about what would happen if Greece were to exit the euro and reintroduce the drachma.

"My friends said I'm crazy to come to Greece," said 35-year old Robert Leoniuk from Poland, who was staying at the Olympia Riviera resort with his wife and three-year-old son, and said he had taken a wad of euros with him just in case.

Only last year, Greece was celebrating a record 16.5 million tourists - after two difficult years - as cheaper fares and upheaval in Egypt and Tunisia made it a popular destination.

That had raised hopes that the sector was on the road to recovery and might even be able to save the sickly economy.

A rise in visitors from Eastern Europe, Russia and Israel may help make up for the loss of tourists from Germany and Britain, but industry officials fear it will not be enough.

Domestic tourism - which accounts for up to 25 percent of total tourism revenues - is unlikely to save the day. Greeks' incomes are being severely squeezed as they reel from salary and pension cuts, layoffs and tax rises.

In the heart of Monemvasia, a town on the southeastern Peloponnese peninsula with a medieval fortress and Venetian style homes, Anastassia Livieratou keeps the family tradition of making silver jewelry inspired by local history and life alive.

"We have no Greek clients anymore. They cannot afford to buy anything," said Livieratou gazing at a deserted street through the window of her empty shop. "It's a lost year for us."

## India's Reliance announces investment drive

AFP, Mumbai

India's largest private company, Reliance Industries, said Thursday will invest \$18 billion over the next four to five years to expand in the country and more than double operating profit.

Mukesh Ambani, India's richest man, also told the firm's annual general meeting in Mumbai that he had faith the nation's economy, which is struggling with slow growth and high inflation, would beat its woes to "emerge stronger". "The current difficulties faced by the Indian economy in my belief are temporary," he said.

Energy giant Reliance in April said consolidated net profit fell 21.2 percent to 42.36 billion rupees (\$830 million) in the three months ended March, from 53.76 billion rupees a year before.

The firm blamed the weak results on declining output from its offshore gas fields.

And last month, India's oil minister said production from the Reliance's main gas fields was expected to fall to a record low.

However, while announcing the 1 trillion rupee (\$18 billion) investment move Ambani told the AGM the firm planned to achieve production of 60 million cubic metres of gas a day at the fields in the next three to four years.

## Tk 100cr boost for women entrepreneurs

FROM PAGE B1

He said all SME entrepreneurs, both male and female, are receiving required information services and training from these centres. All the bank and non-bank financial institutions have been directed to set up dedicated desk for the women entrepreneurs.

"At the same time, at least 15 percent of the refinancing scheme has been allocated for the women entrepreneurs," he said.

The finance minister said a collateral-free loan programme worth up to Tk 25 lakh has been introduced for them. The National SME Women Entrepreneurship Award has been introduced by the SME Foundation to patronise the innovative women entrepreneurs.

He said Bangladesh Small and Cottage Industries Corporation (BSCIC) has so far established 74 industrial estates across the country to provide infrastructural facilities to private entrepreneurs in setting up small and cottage industries.

Up to March 2012, as many as 9,699 industrial plots have been allotted to different industrial units. In fiscal 2010-11, goods worth Tk 29,027 crore were manufactured in these industrial units, out of which, goods

## ICT still neglected

FROM PAGE B1

The government has proposed to allocate Tk 294 crore as development budget for the newly formed ICT ministry, which is a hope for the sector. Last year the government allocated Tk 118 crore for the ICT and science ministry," said Mahboob Zaman, president of Bangladesh Association Software and Information Services (BASIS).

But there is no detailed break-up of the amount allocated, and in Zaman's opinion it just a follow-up to the previous years.

He said the government did not allocate fund for developing more IT professionals or for the development of the IT and related industry. The industry leaders had earlier asked for a "code number" for software exports but the government is yet to respond to the appeal.

As a result, software exports are named as consultation, service providers or suppliers, he said.

"We don't want tax exemption; we want infrastructure support from the government. It should be considered as investment," said Akhtaruzzaman Manju, president of Internet Service Providers Association of Bangladesh (ISPAB).

There was a demand from the IT industry for withdrawing the current 15 percent VAT applicable to internet use. It would increase usage, but the government did not consider it, he said.

However, the government has taken initiatives to open Janata Tower at Karwan Bazar as a Software Park this year, which is good news for the sector. Moreover, the office for a Hi-tech Park has also been established, said Zaman.

Dr Muhammad Abdul Mazid is a former chairman of the National Board of Revenue.