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জীবনের জন্য, জীবন যাপনের জন্য

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Real estate shows signs of recovery

DHAKA FRIDAY JULY 15, 2016

Telcos refuse to compensate for call drops

SOHEL PARVEZ

The housing market is witnessing a gradual rebound in sales, thanks to property price corrections, falling interest on home loans and return of political stability.

"There has been a revival in sales since the interest rate on home loans began to fall," said Alamgir Shamsul Alamin, president of Real Estate and Housing Association of Bangladesh (REHAB), the industry lobby group.

Many developers were on the verge of collapse because of a dip in sales in the last couple of years, he added.

Since 2012, the once-burgeoning real estate sector has been in difficult times due to intermittent political instability, a squeeze on bank loans, a bearish stock market, and the government's apathy towards providing gas connections to new buildings.

Apartment sales fell to its lowest level at 1,749 units in 2014 from a recent high of 2,589 units recorded in 2011, putting realtors in a tough patch, according to REHAB.

The number of unsold apartments rose fourfold, from 3,018 units in 2010 to 12,185 units in 2014. At present, the number stands at about 10,000, according to industry stakeholders.

Alamin said a property price correction in the past few years has created

HOUSING MARKET AT A GLANCE

- Falling interest on home loans and political stability boost the market
- Apartment sales fell to **1,749** units in 2014, from **2,589** in 2011
- The number of unsold flats rose to **12,185** units in 2014, from **3,018** units in 2010
- At present, the number of unsold apartments stands at about **10,000**
- Nearly **2,000** apartments might have been handed over to buyers in 2015-16, say insiders



interest among home buyers again.

"Property prices have fallen to a certain level. Now people feel the prices can't decline below this limit," he said, adding that political stability had a positive impact on the market.

"We have seen recovering sales in the last couple of months. At least queries were rising, while there was a spike in transactions," said Alamin.

Sales picked up in the second half of 2015 that continued till the end of June, according to Mohammad Farhaduzzaman, marketing in-charge of Eastern Housing Ltd, one of the oldest realtors.

REHAB is yet to finalise the sales figures for 2015 and 2016.

Farhaduzzaman estimates that

nearly 2,000 apartments might have been handed over to buyers in fiscal 2015-16. The number was about 1,500 a year ago, he added.

"An interest rate slump for home loans has attracted many middle-income families," he said, adding that it has fallen to as low as 9 percent from 17 percent a couple of years ago.

"A lack of investment opportunities in the face of falling returns on savings and fixed deposits in banks and a bearish trend in stockmarket have also encouraged many people to go for investing in the housing sector," he added.

Banks' fixed deposits have become less attractive as most banks now offer 5-5.75 percent a year. It

indicates that the rate of return will be negative in real terms once inflation and tax on interest earnings are taken into account.

Arif Khan, chief executive and managing director of IDLC Finance Ltd, said a fall in the interest rate has made home loans affordable.

"Realtors were not getting buyers once. But availability of easy home loans has helped them out. Demand for home loans is also rising slowly."

IDLC has more than Tk 2,000 crore in outstanding home loans; the amount is 40 percent of its balance sheet, he said.

"The dull situation that we saw last year no more prevails," added Khan.

However, the recent terror attack in Gulshan has dampened the prospect of a faster revival, he said.

"People were regaining confidence. But the latest incident might have a negative impact. Property investment is a long term investment and people want stability to invest in this sector," he added.

"We were optimistic about a faster recovery this fiscal year. But the Gulshan attack has narrowed that possibility," said Alamin, adding that much would depend on political stability and people regaining their confidence.

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MUHAMMAD ZAHIDUL ISLAM

Mobile phone operators are delaying the process of compensating their customers for call drops in a complete disregard for the telecommunication regulator's directive.

"We have issued an order to compensate customers from July 1 but I found no development yet," Tarana Halim, state minister for telecommunication, told The Daily Star yesterday.

In a meeting with the mobile operators on May 16, she cautioned the operators about call drops and instructed them to give free minutes as compensation from July 1.

Bangladesh Telecommunication Regulatory Commission followed up the minister's warning by issuing a directive in the last week of June, asking operators to compensate from the second call drop in a day.

The Association of Mobile Telecom Operators of Bangladesh said they need more consultation on the matter.

"We wrote to the regulator and asked for a meeting, which might be held on next Monday," said Nurul Kabir, secretary general of AMTOB.

Sohel Parvez, a resident of Bagerhat, said he experienced poor network quality.

"Call drops are frequent and the experience of using 3G was horrible, although I am using a high configuration mobile phone," he said.

On January 19, the BTRC made compensation for every call drop mandatory and the mobile operators have urged the telecommunication regulator for consultation and review of the directive.

Operators then said there are different reasons for call drops and they are not responsible for it all the time.

Placing their arguments, they said 3 percent of call drops are acceptable according to the International Telecommunication Union.

After several discussions, the regulator relaxed the directive and made the first call drop acceptable in a day. But if users get more call drops, they will get one minute from the second drop, according to the directive.

Different operators said there should be a limit to the amount a subscriber will be compensated for in a single day.

The BTRC yesterday appointed a company -- Anite Finland Ltd -- that will provide timely reports on call drops, call generating times and other service quality aspects, said senior officials of the organisation.

Currently, the regulator has no tool to measure call drops or any other service quality, and is fully dependent on the operators' own reports on their performance.

BTRC officials said they will be able to get the real picture soon and take action accordingly.

Huawei opens innovation centre in Dhaka

STAR BUSINESS REPORT

China's telecom equipment vendor Huawei yesterday opened its first Customer Solution Innovation and Integration Experience Centre (CSIC) in the capital to showcase its innovative technologies.

State Minister for Telecom Tarana Halim inaugurated the centre in Gulshan, which is the company's 20th such centre globally, said officials.



State Minister for Telecom Tarana Halim attends the opening ceremony of the Huawei innovation centre in Dhaka yesterday.

Li Guangjun, economic and commercial counsellor of the Chinese embassy in Dhaka, and Zhao Haofu, chief executive of Huawei Technologies (Bangladesh), were also present.

Tarana said the innovation centre will help digitise the country.

Haofu said their vision is to build a connected Bangladesh, together with their customers and partners.

"It is positioned to be an experienced centre to see the global best practices, to be a centre of idea exchange and business solution innovation, and to be a platform to develop a win-win ecosystem," said Haofu.

Huawei CSIC is a global network of dedicated and global innovative and state-of-the-art experience labs that allow interested parties to experience, validate and build information and communication technology solutions and applications, the company said in a statement.

Huawei also has a handset business in the country and they are now the number four handset importer.

Export target set higher



The garment sector accounted for 82 percent of total exports last fiscal year.

STAR BUSINESS REPORT

The government yesterday set the export target for this fiscal year at \$37 billion, which is 8.06 percent higher than receipts in the immediate past fiscal year.

The commerce ministry has set the highest export target for the garment sector at \$30.3 billion, which is 8 percent higher year-on-year.

The apparel sector's contribution to national exports was 82 percent in the immediate past fiscal year.

The knitwear export target has been fixed 6.09 percent higher at \$14.16 billion this year and woven products at \$16.2 billion, which is a 10 percent rise from last year.

Garment exports also increased in terms of volume last fiscal year. In fiscal 2015-16, Bangladesh exported 3.53 billion units of garment, up from 1.57 billion units in fiscal 2014-15.

The overall volume also registered 88 percent growth in 2015-16 compared to 2014-15. In 2015-16, Bangladesh exported 6.9 billion units from 3.66 billion units in fiscal 2014-15.

"We are hopeful of crossing the target this time too," Commerce Minister Tofail Ahmed said at a press meet at his secretariat office in Dhaka.

"Brexit will not affect our export to the UK because we have a very warm relationship with Britain. I hope the British government will

continue the duty benefit for Bangladesh. And if England withdraws the trade privilege, we will renegotiate with the British government to reinstatement the benefit."

Ahmed is confident about a continuation of duty benefits because more than 200 British companies are operating their businesses in Bangladesh.

EXPORT PERFORMANCE
In billions of \$

Year	Target	Achieved
FY12	26.5	24.3
FY13	28	27.02
FY14	30.56	30.17
FY15	33.2	31.2
FY16	33.5	34.24

SOURCE: EPB

The recent terrorist attack in Gulshan will not affect the export trend, as it is not a unique problem for Bangladesh, but a global one, the ministers said.

The minister mentioned the assurance of the Alliance members, as the club of 28 North American retailers and brands committed on Wednesday to continue sourcing garment items from Bangladesh despite the terror attack where 20 people were killed, mostly foreigners.

Ahmed said exports to the US, the single largest destination for Bangladesh, were not affected

despite the suspension of the generalised system of preferences. Last fiscal year, Bangladesh exported goods worth \$6.2 billion to the US, which is 7.5 percent higher than the previous year.

Bangladesh exported goods worth \$5 billion to Germany, the second largest destination, and \$3.8 billion to the UK, \$1.99 billion to Spain, \$1.8 billion to France, \$1.38 billion to Italy, \$1.1 billion to Canada, \$1.01 billion to Belgium, \$1.07 billion to Japan, \$845.92 million to the Netherlands and \$808.14 million to China.

In response to queries from reporters, Ahmed said the government has increased the amount of cash incentives for some products such as jute and jute goods, leather and leather goods, furniture and ships for diversification of export products and reducing dependence on garment items.

The export of leather and leather goods crossed \$1 billion mark for the third consecutive year, he said, adding that it indicates that product diversification is taking place.

Mosharrar Hossain Bhuiyan, senior secretary of the industries ministry, said the government will not allow tanning of rawhides, which would be collected during the upcoming Eid-ul-Azha.

"The tanners will have to tan the rawhides at Savar Leather Estate."

BSEC cuts fees for share trade

STAR BUSINESS REPORT

The stockmarket regulator has initiated a move to cut transaction and other fees charged by the Central Depository Bangladesh Limited or CDBL, the operator of central depository system for electronic share transaction.

The move, an amendment to the existing depository rules, will give a relief to the depository participants, commonly known as stockbrokers and merchant banks, as well as to the investors in the backdrop of a bearish trend in the market since the early 2011's price debacle.

As per the modification, the fee on transactions of equity share, mutual funds and exchange-traded funds will be Tk 0.000125, instead of existing Tk 0.00025. It means that if the total transaction value is Tk 1 lakh, a depository participant will have to pay Tk 12.5, in lieu of current Tk 25.

The fee on transaction of corporate bond or debenture or other fixed income securities will be Tk 25, while the charge will be Tk 10 on government securities and

Tk 0.00003 on the securities listed with the small-cap platform.

The regulator also proposed to scrap the minimum fee of Tk 5 on share transaction.

The changes will, however, come into effect after a gazette notification.

At a recent meeting, Bangladesh Securities and Exchange Commission approved the draft amendment, which is now on the commission's website for public opinion.

The commission brought the changes following repeated recommendations from the Dhaka and Chittagong bourses to cut the CDBL charges, said a BSEC official.

"After scrutinising the public opinion, the commission will give the final approval and then publish the gazette notification," the official said.

In the modification, the regulator proposed to cut the annual fee on each beneficiary owner's account by Tk 50 to Tk 450.

Of the amount, the CDBL will get Tk 100 instead of existing Tk 150, the BSEC Tk 50 as usual, the government Tk 200 and the depository participant Tk 100.

Electronic procurement gathering steam

STAR BUSINESS REPORT

Purchases through the electronic government procurement system more than doubled last fiscal year to Tk 48,366 crore.

In fiscal 2015-16, Tk 20,352 crore of purchase was done through the system.

The number of tenders invited in e-GP up to June 30 stood at 57,936, up from the previous year's 26,102, according to the Central Procurement Technical Unit or CPTU of the planning ministry. By December, all procurement of the government will be done through the e-GP system, said a CPTU official.

As of June 30, a total of 282 procuring agencies out of 1,233 have been connected to e-GP, meaning a sizeable number of agencies are yet to come under the e-GP system.

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