

Cut construction cost to save real estate industry

Anwar Landmark Managing Director Hossain Khaled says in an interview

AKANDA MUHAMMAD JAHID

The Covid-19 pandemic has wreaked havoc on most of the sectors of the economy. The real estate sector was not spared. The Daily Star has talked to Hossain Khaled, managing director of Anwar Landmark, a subsidiary of Anwar Group, to ascertain the present situation of the industry and the steps that need to be taken to shield the sector from the fallout of the crisis.

DS: What is the current situation of the real estate industry?

Khaled: The real estate sector has become an industry of around Tk 60,000 crore, and in the past several years before the Covid-19, there was around 15 to 20 per cent annual growth. The demand for flats had increased. But the situation has changed amid the Covid-19 pandemic.

Alongside the 1,100 registered members of the Real Estate and Housing Association of Bangladesh, there were 2,000 to 3,000 unregistered developers.

Many of the unregistered companies have had to close their operations. Many went bankrupt. Sadly, the flats of the customers, who bought them with their lifelong savings from the small companies, got stuck.

The top 10 to 15 companies like us have somehow survived, but the sale has decreased sharply.

Many of the registered companies that had been in trouble even before the coronavirus outbreak have sunk further. Some of them have been compelled to hand over their projects to other companies to wind up operations for good.

The market has not reached the pre-pandemic level yet. The industry will take more time to return to normalcy.

DS: What steps were taken to help pandemic-hit customers pay instalments?

Khaled: We cannot force our customers to make payments as we consider them partners, even though we are bearing all of the expenses of companies. We have not imposed any penalty. We gave them additional time.

DS: What steps should be taken to cope with the financial fallout and bring the housing facility within the purchasing capacity of the general people?

Khaled: The housing sector is an important indicator of the economy. If it goes down, the economy follows suit. But unfortunately, the sector has not been given priority as an industry.

It is actually a manufacturing industry. This is not just a matter of building a house. Products of around 300 companies are used in building a house. But we give VAT for buying every material.

Finally, customers have to bear all costs. So, the cost of housing goes higher, and we are falling behind when it comes to the cost of doing business. The government should take steps to reduce the cost for the sake of the customers.

When customers buy more, the government will get more revenue automatically. The real estate is a sector where there is no scope of playing hide and seek, and tax has been fixed per square foot. So, the government will benefit more if it helps grow the sector.

Right now, the housing cost has gone beyond the affordability of the general people. It should be brought within their purchasing power. We have to cut construction costs, especially in case of tax and registration, in order to do so.

Secondly, if a person has to spend 35 to 40 per cent of his salary as the house rent, then they can't have the capacity to buy a flat. So, the tenure of a home loan should be extended



Hossain Khaled

to 30 years from the existing 10 years to lower the size of instalment for customers.

There is a Tk 500 crore housing scheme under the Bangladesh Bank. This loan is usually disbursed through some NGOs at a 1.5 per cent interest rate. The fund should be increased to Tk 2,000 crore or Tk 3,000 crore so that customers can buy a flat for Tk 75 lakh to Tk 80 lakh at a low interest rate. Banks, alongside the NGOs, can distribute the fund.

The discretionary power of government officials at various agencies, including the Rajuk, should be curtailed to remove bureaucratic red-taps and cut cost.

DS: What is the current state of new investment in the sector?

Khaled: Despite the pandemic, this is a very good time for customers to invest in the sector.

Thanks to many steps of the government, the interest rate of banks has come down. The interest rate on

fixed deposits schemes has declined to 5 to 6 per cent. So, if a customer invests at the construction stage, they can gain at least 15 to 20 per cent if they have to sell it later. The real estate is such a sector where nobody incurs a loss.

DS: What steps should be taken to attract new investment in such a situation?

Khaled: In order to encourage investment, the government should ensure an investment-friendly situation and treat private organisations as partners. Simplification should be brought into the whole process of business.

For simplification, the ease of doing business has to be ensured, and the cost of doing business has to be cut.

In order to start a new business, it takes 10 days, 20 papers and 20 certificates. The lengthy process has to be shortened.

DS: Anwar Group is the parent

company of Anwar Landmark. How has Anwar Group ensured efficiency, productivity in the workplace and services for customers during the pandemic?

Khaled: Though our company was established 187 years back, Covid-19 was a new situation for the current management. But we faced it with courage. And we are in a good position and are overcoming the crisis.

We have not cut the salaries and bonuses of any employees. Even, we have recruited some employees in the last nine months. We have filled up all the vacancies from top to bottom.

Initially, our production rate reduced and sales came down. The major challenge was to import raw materials. The import cost also increased. But we had to supply our products to consumers by keeping the price within their purchasing power to fulfil our commitment. Commitment is very important to us.

If we bring any changes to our service, we give priority to the views of customers in this process. For example, in the real estate sector, many customers could not pay instalments. As per the rule, contracts might be cancelled, or late fees could be slapped. But we have waived or reduced their payment. We have tried to help our customers.

DS: What are the successful steps of Anwar Group that can be followed to face Covid-19?

Khaled: I have not come to such a position where I could advise others. But I can highlight a few things that we practise.

A number of things that my father always taught me were dedication, honesty, hard work, and commitment to work. No matter what the situation is, there is no need to back down.

If I am not honest with myself, I will not be honest with my company, employees and customers. Honesty, integrity and respect are essential.

From cleaners to customers, everybody should be respected. Those are our core values.

In this competitive era, nobody can make a profit by selling products. Profits should be made while making purchases. And the products should be presented before the customer differently by adding values in case of commitment and quality of service so that customers remain loyal and continue with us for decades. We should earn the trust of customers by works, not by words.

Employee satisfaction is also important. If I take care of my employees, they will take care of my customers.

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GLOBAL BUSINESS

US tyre maker Goodyear faces allegations of labour abuse in Malaysia

REUTERS, Kuala Lumpur

American tyre manufacturer Goodyear Tire & Rubber Company is facing accusations of unpaid wages, unlawful overtime and threats to foreign workers at its Malaysian factory, according to court documents and complaints filed by workers.

In interviews with Reuters, six current and former foreign workers, and officials with Malaysia's labour department, say that Goodyear made wrongful salary deductions, required excessive hours and denied workers full access to their passports.

The department confirmed that it had fined Goodyear in 2020 for overworking and underpaying foreign employees. One former worker said that the company illegally kept his passport, showing Reuters an acknowledgement letter he signed in January 2020 upon getting it back eight years after he started working at Goodyear.

The allegations initially surfaced when 185 foreign workers filed three complaints against Goodyear Malaysia in the country's industrial court, two in 2019 and one in 2020, over non-compliance with a collective labour agreement.

The workers alleged that the company was not giving them shift



REUTERS/FILE

A woman sits at a bus stop outside Goodyear factory in Shah Alam, Malaysia on May 6, 2021.

allowances, annual bonuses and pay increases even though these benefits were available to the local staff, who are represented by a labour union.

The court ruled in favour of the foreign workers in two of the cases last year, saying that they were entitled to the same rights as Malaysian employees, according to copies of the judgement published on the court's website. Goodyear was ordered to pay back wages and comply with the collective agreement, according to the

judgement and the workers' lawyer. About 150 worker pay slips, which the lawyer said were submitted to the court as evidence of unpaid wages and reviewed by Reuters, showed some migrants working as many as 229 hours a month in overtime, exceeding the Malaysian limit of 104 hours.

The foreign workers are claiming about RM5 million (US\$1.21 million) in unpaid wages, said their lawyer, Chandra Segaran Rajandran. The workers are from Nepal, Myanmar and India.

"They are put in a situation where they are being denied their full rights as what is provided for (by law)," he said, adding that it amounted to "discrimination".

Goodyear, one of the world's largest tyre makers, has challenged both verdicts at the high court. The appeal decision is expected on Jul 26. The verdict for the third case, over the same issues, is due in the coming weeks.

Goodyear declined to comment on any of the allegations, citing the court process.

According to the court ruling last year, Goodyear Malaysia argued that foreign workers are not entitled to the benefits of the collective agreement because they are not union members.

According to the ruling, a union representative testified that foreign workers are eligible to join and are entitled to the benefits in the collective agreement even if they are not members. The court agreed that the foreign workers' job scope entitled them to those benefits.

Goodyear told Reuters that it has strong policies and practices relating to and protecting human rights.

"We take seriously any allegations of improper behaviour relating to our associates, operations and supply chain," a representative said in an email.

China's factory activity grows at slower pace

REUTERS, Beijing

China's factory activity growth slowed slightly in May as raw materials costs grew at their fastest pace in over a decade, weighing on the output of small and export-oriented firms.

The official manufacturing Purchasing Managers' Index (PMI) inched lower to 51.0 in May, against analyst expectations that it would remain unchanged from April at 51.1, data from the National Bureau of Statistics (NBS) showed on Monday.

The official PMI, which largely focuses

A sub-index for new export orders stood at 48.3 in May, down from 50.4 in the previous month and slipping sharply into contraction.

A sub-index for raw material costs in the official PMI stood at 72.8 in May, up from April's 66.9 and hitting the highest level since 2010. Prices for commodities such as coal, steel, iron ore and copper have surged this year, fuelled by post-lockdown recoveries in demand and easing liquidity globally.

China's policymakers have repeatedly expressed concern about rising commodity prices in recent weeks and called for stricter



REUTERS/FILE

A man wearing a face mask works on a production line manufacturing bicycle steel rim at a factory in Hangzhou, Zhejiang province, China on March 2, 2020.

management of supply and demand and to crack down on "malicious speculation."

"We expect commodity prices to stabilize in the coming months," said Louis Kuijs, head of Asia economics at Oxford Economics.

Tougher oversight on spot and futures markets and increased global commodity supply in the second half of 2021 should help reduce cost pressures on China's firms, he said.

In addition to surging raw material prices, Chinese factories are struggling with high shipping costs and an appreciating Chinese currency. Some are able to pass on the higher costs to overseas customers, while some small firms are stopping taking orders to avoid losses.

A sub-index for the activity of small firms stood at 48.8 in May, sharply down from April's 50.8. Firms continued to lay off workers and at faster pace, the official data also showed.

Japanese companies to develop chipmaking tech with Taiwan firm

REUTERS, Tokyo

About 20 Japanese companies, including electronic component maker Iridium Co, will work with Taiwan Semiconductor Manufacturing Co (TSMC) to develop chip manufacturing technology in Japan, the Nikkei newspaper reported.

Japan's government will pay half of the 37 billion yen (\$337 million) cost of a research facility, The Nikkei said, without disclosing its sources.

TSMC in February said it will spend about \$178 million to open a material research subsidiary near Tokyo.

In a statement to Reuters, TSMC



REUTERS/FILE

The logo of Taiwan Semiconductor Manufacturing Co is pictured at its headquarters in Hsinchu, Taiwan on January 19.

said that facility "aims to leverage more expertise in the field of materials to bring value to the industry".

"We appreciate the support from Japan's government for us to drive semiconductor technology advancement together with TSMC's partners in Japan," it added, without elaborating.

Japan wants to cooperate with the Taiwanese company to help its semiconductor manufacturers to stay competitive as chip demand grows with the expansion of 5G infrastructure, autonomous driving technology, data centres and artificial intelligence (AI).

Iridium did not immediately respond to requests for comment.