



Revisiting Telecom
Sector in Bangladesh

Emerging Issues

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Tale of Two Decades

1990s

1989

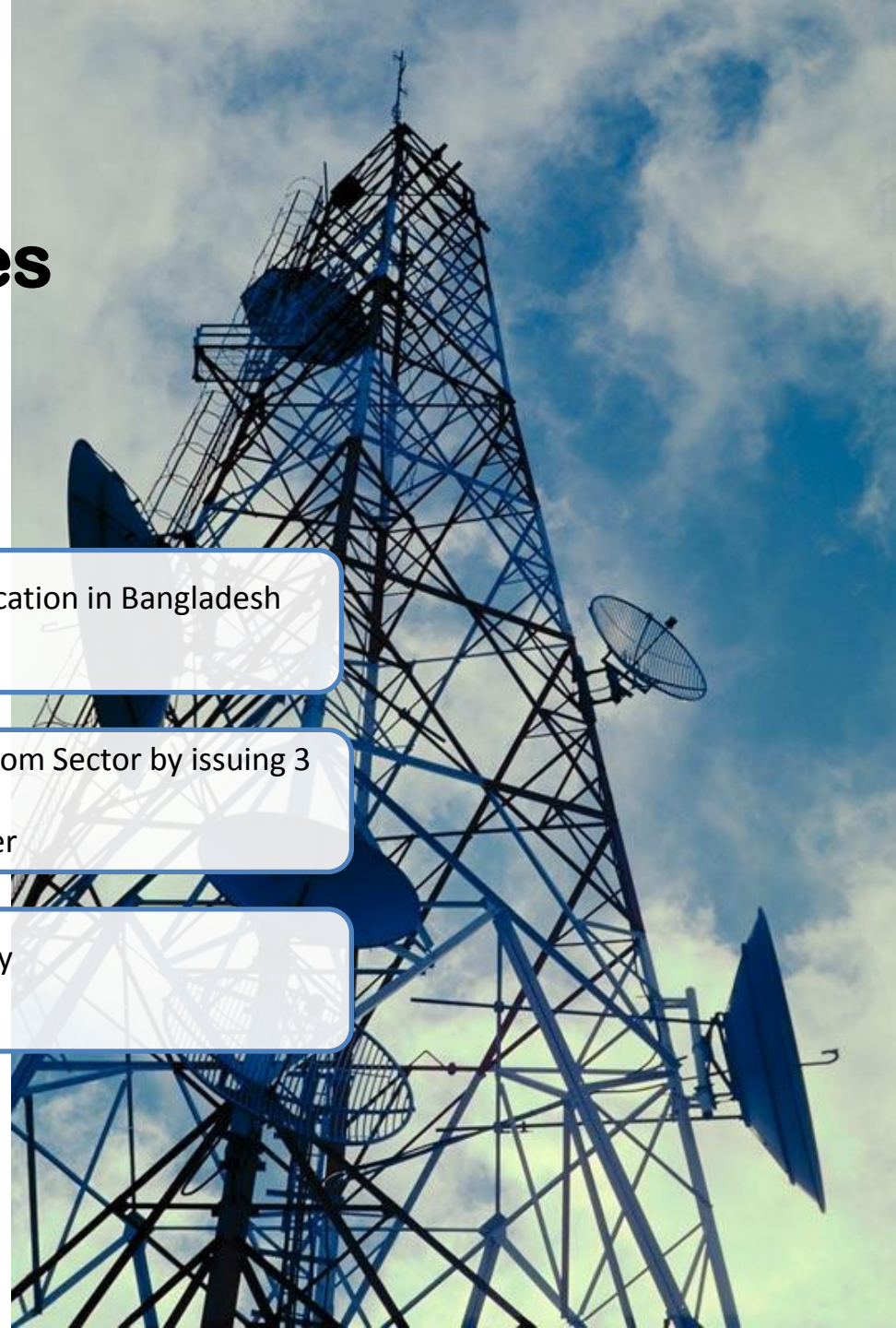
- Introduction of mobile telecommunication in Bangladesh
- No competition, limited affordability

1996

- Introduction of Competition in Telecom Sector by issuing 3 licenses
- Removal of import Duty on computer

1998

- Launching of National Telecom Policy



Tale of Two Decades

2000s

2001

- Enactment of Bangladesh Telecom Act 2001

2002

- Introduction of Level Playing Field through formation of BTRC, based on BTA 2001
- Adoption of First ICT Policy

2004

- Government mobile operator *Teletalk* issued license
- First 8 PSTN licenses

2006

- Launching of High-speed Submarine Cable
- Information Technology Act 2006

2007

- ILDTS Policy

Tale of Two Decades

2000s

2008

- 2 WiMax Licenses
- 3 ICX, 4 IGW, 2 IIG licenses

2009

- ICT Policy
- IP Phone License
- m-payments Guideline

2010

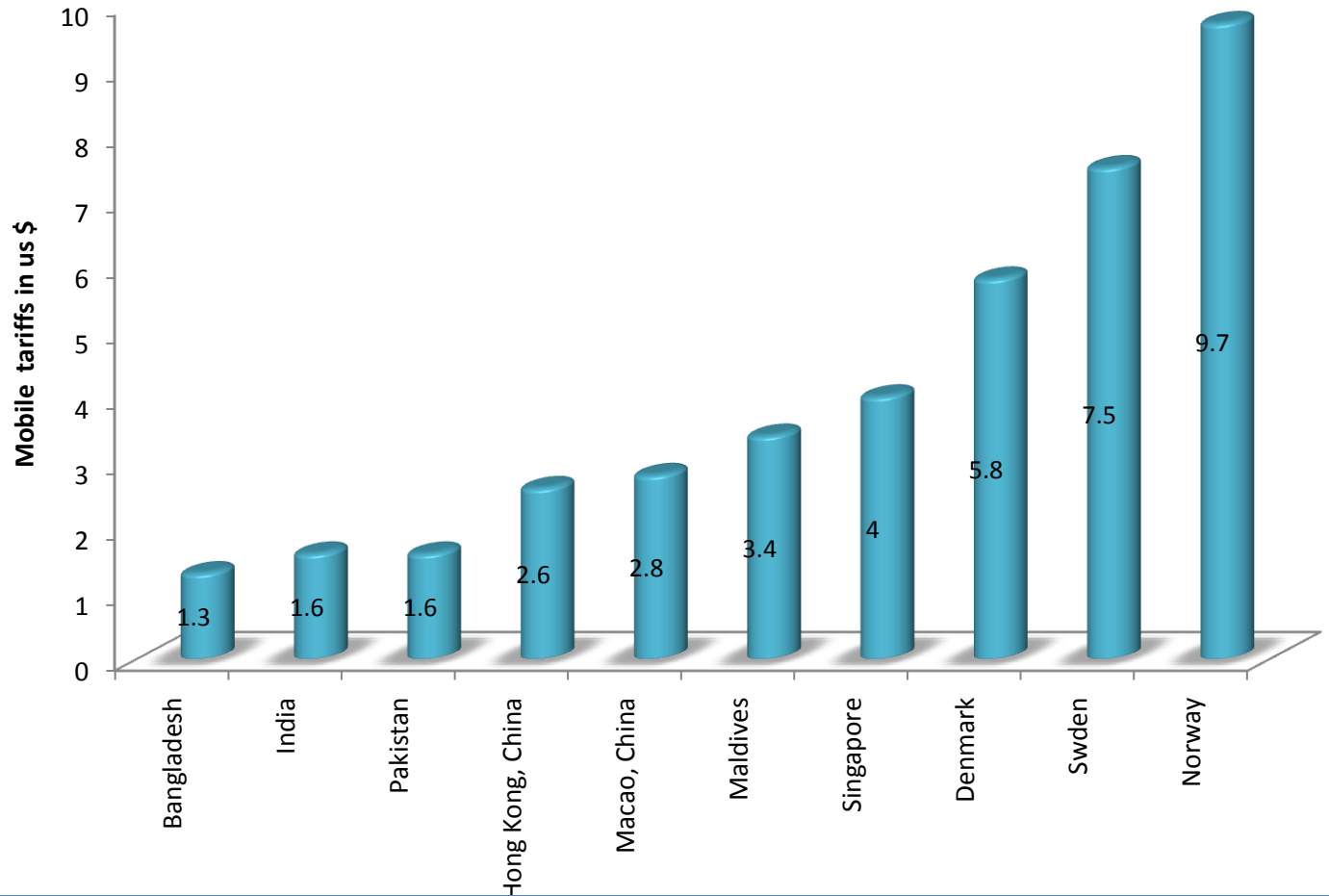
- Implementation of Information Technology Act 2006
- E-payments launched
- E-gov road show launched



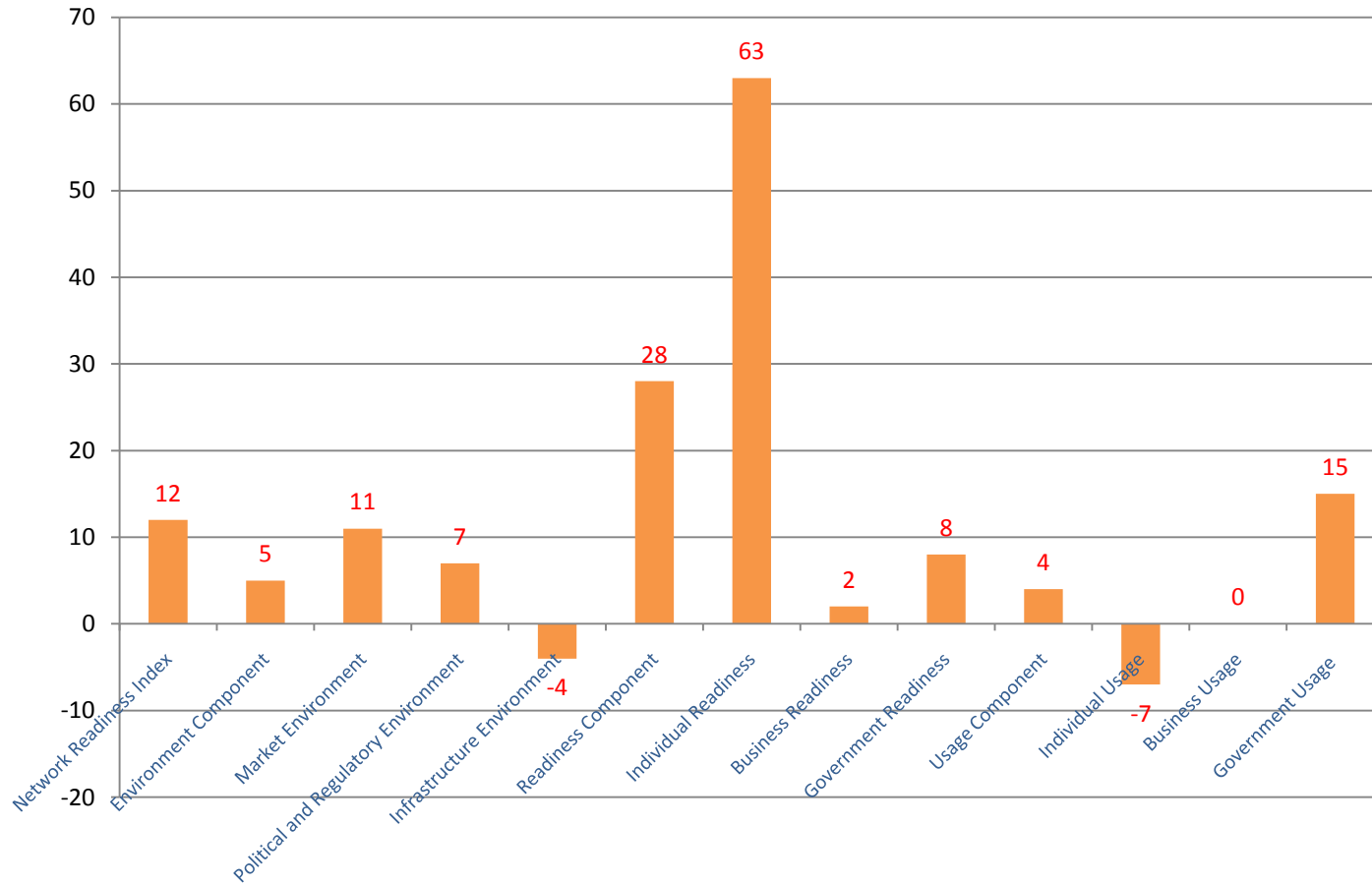
The Achievements

- Teledensity from 0.4% to 35%.. **BTRC**
- 19.5 million families have direct access to telecommunications... **D.Net**
- Another 5.4 million families have indirect access to telecommunications... **D.Net**
- More than 3000 telecentres have access to Internet (low bandwidth though) thanks to mobile Internet... **D.Net**
- First generation mobile Phone based value added services: health, education, agriculture, remittances... **D.Net**
- Bangladesh has become ne of 20 outsourcing destinations designated by the European Union (EU)... **Wireless Intelligence**

Affordability increased due to competition: lowest call charge in South Asia...ITU 2010



Global Ranking in the ICT4D landscape improved: from 130 to 118... WEF



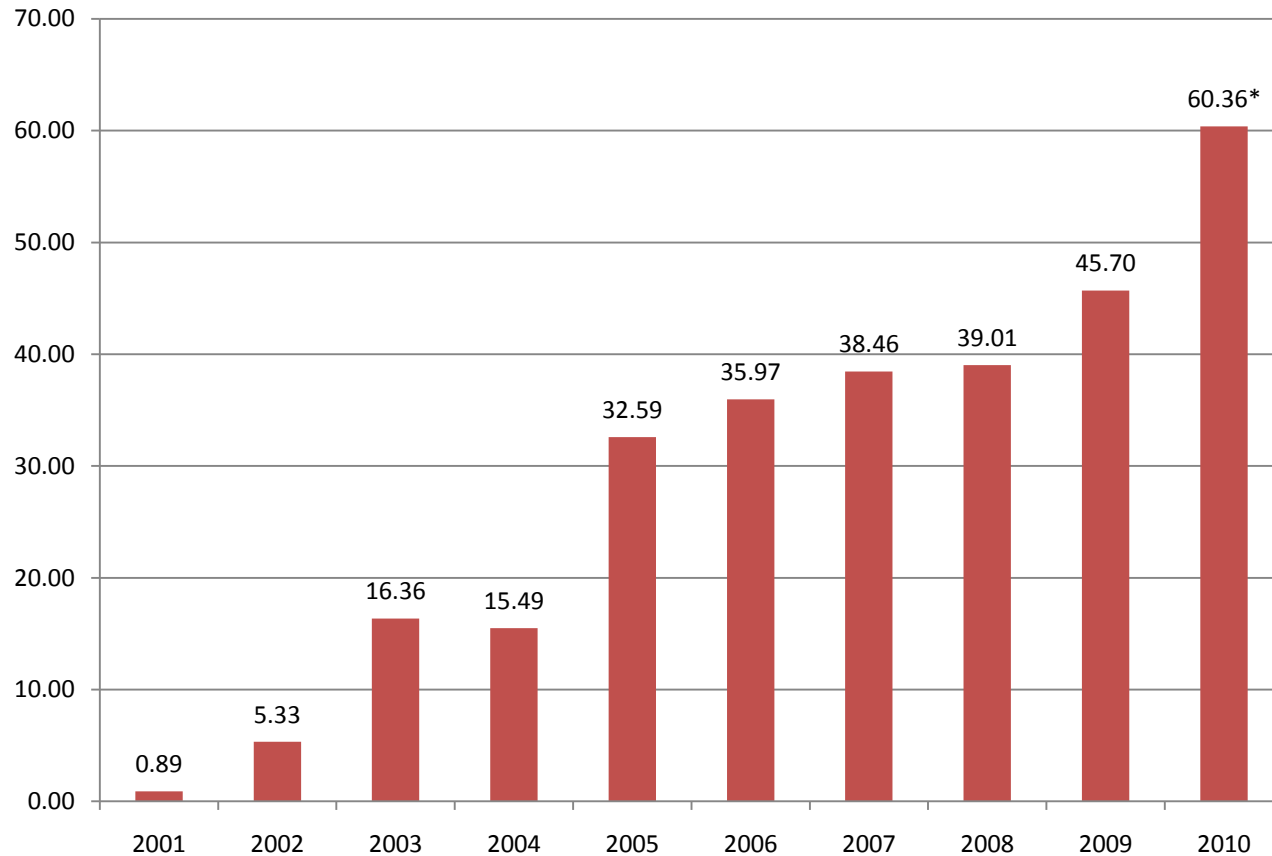
Source: WEF, 2010

Contribution to National economy

- Contribution to GDP: 6%... **MOF**
- Total Investment in last One Decade: USD 1.98 billion... **Bangladesh Bank**
- 1 percent increase in the number of Internet users raises total exports by 4.3 percent... **World Bank**

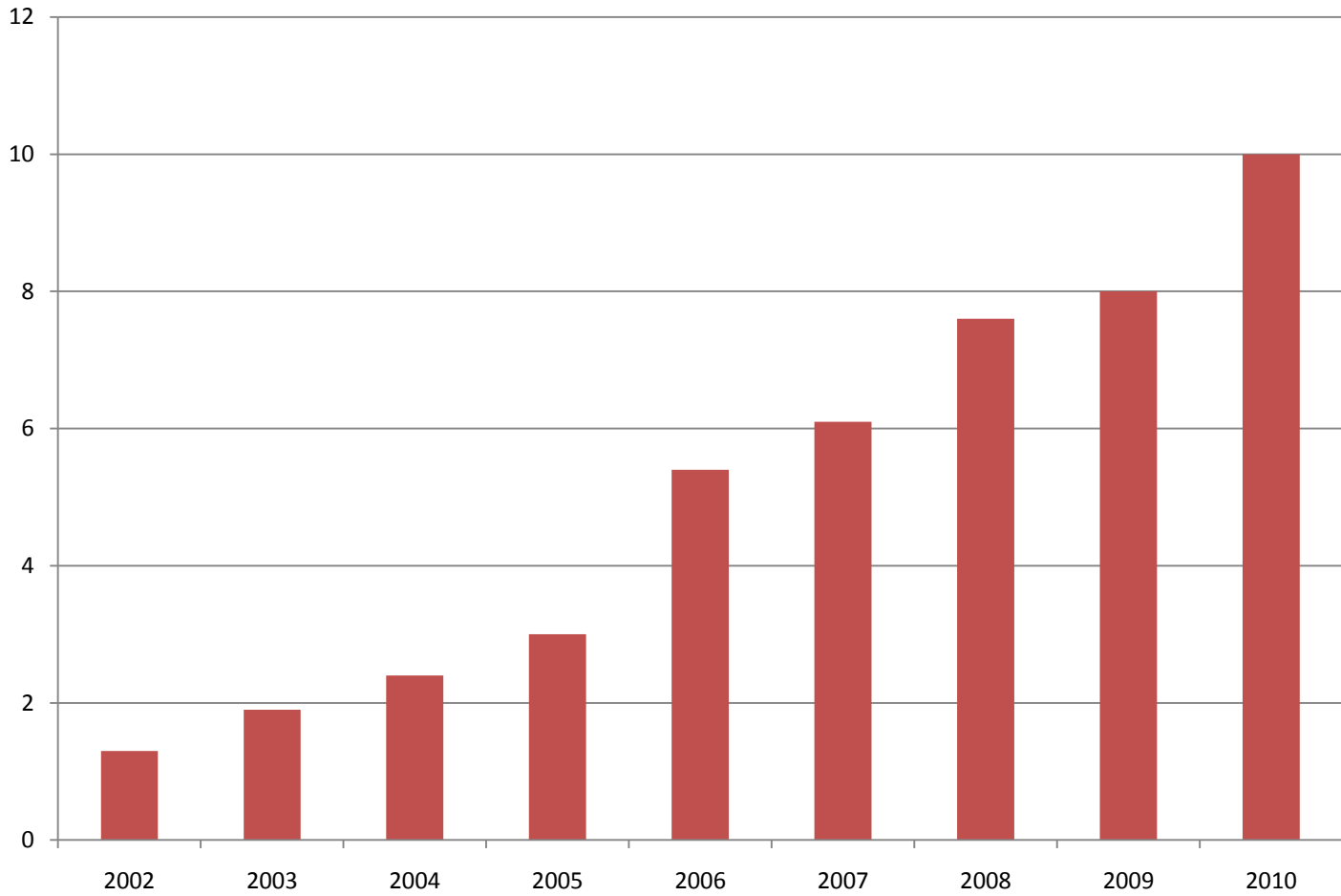


Telecom became major contributor to FDI: from <1% in 2001 to 60.36% in FY 2010* ...



Source: Bangladesh Bank, Figure for 2010 provisional, only for 9 months

**Largest contributor to the government exchequer: 10%
of total revenue earning ... NBR**



Policy Achievements and Imminent Reform



- **Two major achievements:**

- Creation of level playing field through separation of regulatory and operational roles of the government
- Creation of a competitive environment



- **Reform was felt necessary for:**

- Correction of course, which created some distortion in the market and acted as a barrier to reach the unreached
- Promotion of second generation growth in telecom and value added services



Rethinking

Some Hypotheses

- Technologically possible services should not be prohibited through policy, which creates scope for illegal business
- Opening up VOIP and discouraging illegal call termination through price reform
- Mad bidding for wi-max license delayed high-speed rural connectivity
- Too many licenses forced “race to the bottom” in mobile telecom market
- Too many licenses and wrong business plans killed PSTN
- Creation of several stages for international call handling prohibits reduction of international call termination charge

Rethinking

Some Hypotheses

- Cancellation of VSAT licenses before having backup connectivity to international gateway is a wrong step
- Delay in 3G licenses delayed unleashing potential of using benefit of high- speed connectivity for e-health, e-learning and right to information for citizens
- Separation of carrier and value added service providers and revenue sharing for value added services essential for exponential growth of second generation telecom services
- Excessive taxation prohibits further growth in telecom market
- “Same deed, different punishment” sends wrong signals to the market: Financial penalty for mobile operators and cancellation of licensing for PSTN



Three

major concerns

- **How to ensure level playing field:**
 - With BTRC in power
 - Without BTRC in power by shutting down or selling the state-owned telecom enterprises
- **How to make the business environment more conducive for second generation growth:**
 - By reforming taxation policy
 - By removing “repressive” stances of the law
- **How to ensure equitable access:**
 - Having social responsibility fund in some form
 - Reforming licensing policy for ensuring high-speed internet access in rural areas

Happy debating!
