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'Made in Bangladesh' smartphones headed to US

Local electronic giant Walton pulls off the feat

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STOCKS

COMMODITIES

Walton is set to export smartphones to the US, in what can be viewed as a remarkable endorsement of the leaps taken by Bangladesh's manufacturing sector.

"The dream of exporting 'Made in Bangladesh' smartphones is now coming true," said SM Monjurul Alam, managing director of Walton,



adding that the quality of the locallymade smartphones with advanced features has drawn buyers' attention.

The first consignment of the smartphones, which would be priced between \$100 and \$200, will be out of the gates of Walton Digi-Tech Industries's plant in Chandra, Gazipur in March 1.

The smartphones are bound for a renowned American brand and Walton is the original equipment manufacturer, Alam said, while declining to disclose the name of the

This kind of production is known as contract manufacturing, which

is commonplace in Bangladesh's companies is making the country garments sector.

"The US importer signed an agreement with us a few months ago and we were improving our quality before finalising the shipment.

The homegrown electronics giant is not stopping at this.

After the US it is planning to ship smartphones to Europe, Australia and other developed nations. "Walton is



now producing international standard smartphone," Alam added.

"This will be a huge moment for Bangladesh and all Bangladeshis should feel proud of this achievement," Telecom Minister Mustafa Jabbar told The Daily Star.

Walton has been at the forefront in this field and keeps hitting new milestones, he said.

Indeed, the company was the first to set up a mobile phone manufacturing plant in Bangladesh in October 2017.

So far, the plant has churned out 60 lakh units: 17 lakh smartphones and

43 lakh basic phones. "Walton along with some other

proud as currently 40 per cent of the domestic demand for handsets is met by nine local firms," Jabbar said.

The assembly boom follows a government decision in 2015 to slash equipment importing tax to just 1 per cent from as high as 100 per cent.

"That was a changemaker. And we are now harvesting the results," he

Walton also excels in manufacturing of other high-tech products too: it is shipping a wide range of electronics and electrical appliances to about 35 countries in Asia, Europe, Africa and the Middle East.

It inked an agreement with global e-commerce giant Amazon last year to market 'Made in Bangladesh' electronics and ICT devices in the US. The shipments will start from this year, according to a Walton official requesting anonymity.

Walton is also manufacturing mobile phone accessories such as chargers, batteries, earphones and motherboards and meets its entire demand for accessories from local production.

The milestone of Walton's mobile export will be celebrated on the factory premises of; Finance Minister AHM Mustafa Kamal, Jabbar and ICT State Minister Zunaid Ahmed Palak will grace the occasion.

Another announcement will come on the same day: 26,000 laptops manufactured at the plant will be shipped to different markets.

Last year they sold 12.02 lakh smartphones and 41.76 lakh feature phones in the local market.

Since Walton is gradually finding its feet overseas, officials said they will now double down efforts to make it the best Bangladeshi brand in the global market by 2030.

No end to GP and NBR's disputes

CURRENCIES

Grameenphone has been refraining from paying value-added tax (VAT) on rentals of Bangladesh Railways' optical fibre since March 2018 as it is not being furnished with invoice by the revenue administration as stipulated by the laws.

The amount of unpaid VAT by Grameenphone is Tk 20 crore and the due amount is only increasing over time, according to a letter from BR to the National Board of Revenue in

October last year.

the NBR. The system had been in effect until December 2017, according to BR.

But Grameenphone stopped paying VAT from March 2018 on the ground of non-issuance of invoice, officially termed as Mushak-11 or Mushak-6.3, the BR said in its letter to NBR seeking required action.

We have sought directive from the NBR," said a senior official of the BR. said the field office sought explanation

Contacted, an official of LTU VAT from Grameenphone regarding non-

operator in line with a 1997 order of Telecomm-unication Transmission Network (NTTN)] service rendered by the Bangladesh Railway.

"If Bangladesh Railway issues a valid VAT invoice, Grameenphone will make VAT payment to Bangladesh Railway without any deduction," he added.

The episode is another example of stalemate over VAT between the NBR and mobile operators.

Over the last several years, mobile operators and the Bangladesh Regulatory Telecommunication payment of VAT on GARs. The mobile Commission (BTRC) have been in



Bangladesh Railway

office -- Large Taxpayers Unit (LTU)-VAT -- to take action as per law.

The country's largest operator has taken a 20-year lease of the railway's optical fibre in 1997; the lease was extended for another ten years to September 2027.

Based on Grameenphone had been paying Guaranteed Annual Rentals (GARs) to BR in every quarter including VAT on the amount.

And the BR had been issuing a certificate to the mobile phone

In response, the NBR asked its field operator responded and appeared in an impasse over payment of VAT on Later, a committee has been formed

to examine the VAT-related issues of the mobile operator, he said. Grameenphone gave

reminders to the BR for valid invoice, which it is entitled to as a service recipient, to enable payment of VAT on GAR, said Md Hasan, the operator's head of external communications.

The tax authority has instructed Grameenphone to collect VAT at source applicable to GAR payments following past practice.

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"But it did not say anything about legal right of Grameenphone to have a valid VAT invoice and non-deduction of VAT at source payment made on account

various services that they receive from the regulator.

The deadlock revolves around the issue of VAT registration of BTRC.

Mobile operators demand that the telecom watchdog issues VAT invoice to them against payment of VAT on revenue sharing, spectrum charge and other services as in the absence of chalan they cannot claim input tax credit or rebate during final payment of VAT to the public coffer.

The BTRC said it cannot issue VAT invoice as it is not a VAT registered

In November last year, the telecom watchdog sought 'effective measures' from the NBR informing that mobile operators have not paid VAT on revenue sharing, spectrum charge and other services since the BTRC is not a VAT registered entity. The NBR is yet to take any decision

in this regard.

"We are working on it," a said [Nationwide another official of VAT at the NBR.

Agent banking: the bright spot in lending landscape

BANKS' SHARE OF

AKM ZAMIR UDDIN

Agent banking, which takes banking services to the unbanked people, is going from strength to strength, with both deposit collection and loan disbursement on the rise. Lenders earlier kept their core focus on

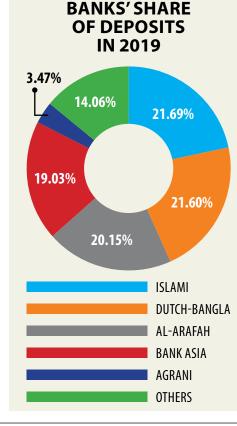
collecting deposits from clients through the new banking wing but they have given the same importance to loan disbursement and inward remittance. As of September last year, loan disbursement

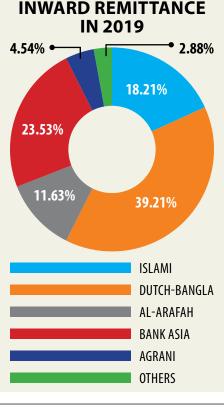
through the agent banking channel was Tk 446 crore, which is more than double that from a year earlier. At the same time, deposit collection went up 142 per cent to Tk 7,517 crore, according to data from the central bank. "The tremendous growth of agent banking

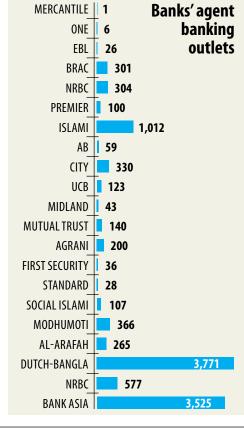
proves that the underprivileged people are keen on banking services," said Md Arfan Ali, managing director of Bank Asia.

There remains huge scope for widening agent banking as lenders are yet to extend their traditional banking service to the large numbers of unbanked people.

"We will focus more on agent banking in the days ahead as operational cost of the banking window is much, much lower than the traditional one," Ali said, adding that Bank Asia will disburse loans at 9 per cent from April through agent banking as per the government instruction.







At present, the lender is disbursing loans ranging from Tk 20,000 to Tk 200,000 to borrowers at an interest rate of 14-15 per cent through the channel. The lower operational costs for agent

banking will help Bank Asia sidestep the difficulties stemming from implementation of single-digit interest rate on lending. As of December last year, loan disbursement

by Bank Asia stood at Tk 259 crore, which is 58 per cent of the total outstanding loans given out by all lenders through agent banking. Agent banking will get more popularity

for loan disbursement in the coming days as rural people are often forced to take loans from non-governmental organisations and the informal sector at a high interest rate, Ali said. "So, we have laid emphasis on disbursing

loans by our agents so that underprivileged people can take their required loans at a cost lower than the rate offered by the informal sector," Ali added.

The central bank issued the agent banking guideline in 2013 but the licensees did not start full-fledged operations until 2016.

Agent banking offers limited banking and financial services to the underserved population by engaging representatives under a valid agency agreement.

It is the owner of an outlet who conducts banking transactions on behalf of a bank.

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Japanese firms most optimistic of their prospects in Bangladesh out of Asia

Finds a survey by JETRO

JAGARAN CHAKMA

Bangladesh is the top choice for Japanese companies seeking to expand business in Asia and Oceania in the next two years due to its high potential and profitability, according to a survey by the Japan External Trade Organisation (JETRO).

Some 70.3 per cent of the Japanese companies in Bangladesh are mulling expanding business in the next one to two years, 23.4 per cent believe their operations would remain the same and 1.6 per cent are pondering over going for a reduction.

The statistics are from the '2019 JETRO Survey on Business Condition of Japanese profitability for Japanese companies.

Companies in Asia and Oceania', which is yet to be released officially.

The survey took comments of 13,458 Japanese firms engaged in manufacturing and non-manufacturing sectors in 20 Asia and Oceania countries between the months of

August and September last year. The Japanese firms in India are the next most sanguine ones: 65.5 per cent are planning

expansion. Vietnam comes in third, with 63.9 per cent of the Japanese firms there are planning expansion. It is followed by Pakistan at 62.5

Bangladesh came in 5th in terms of



Some 36.7 per cent of the Japanese companies operating in Bangladesh expect an increase in profit in 2019 from a year earlier, while 44.9 per cent expect it to remain the same. Some 18.4 per cent are bracing for a contraction in their profits.

The survey also found some 68.3 per cent of the Japanese companies are planning to increase the number of local employees they have in the next one year, 29.3 per cent to keep it the same and 2.4 per cent to go for a reduction.

The recruitment plan is the second largest among the countries surveyed, while it was the 5th in the previous year.

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