Bangladesh lags behind Asia Pacific peers in telecom services: GSMA

Muhammad Zahidul Islam

In the digital age, Bangladesh's mobile telecom market is still dominated by the second generation (2G) services while scenarios in other Asia Pacific countries are quite different and are predominated by 4G services, according to a GSMA report published on Monday.

The 2G technology is the mobile communications standard allowing mostly voice calls, SMS and limited data transmission while 4G is more data driven.

By 2025 Bangladesh will be a data driven market where 4G service will dominate with a 46 per cent share, reads The Groupe Speciale Mobile Association (GSMA) report "The Mobile Economy Asia Pacific 2020".

However, Bangladesh is in a position below the average standard of the Asia Pacific countries in almost all the parameters and the situation will last long ever after five years, the report's data shows.

Senior executives of mobile operators said high tax and regulatory challenges were the main barriers for Bangladesh lagging behind in the table.

"Our regulatory situation is the worst possible in the world and at the same time the government is increasing taxes every year on telecom services which halted new adoptions," said a top executive of a leading mobile carrier of Bangladesh requesting anonymity.

The 2G technology will become obsolete in most of the developed Asia Pacific countries within the next couple of years but till 2025, 18 per cent of Bangladesh's telecommunication customers will be "only" calling users requiring no data access.

The GSMA ran the study in recent years with numbers of 2019 and estimates of 2025.

According to the GSMA, at the end of 2019 about 54 per cent of people in Bangladesh were using mobile phones, of which 25 per cent had internet access.

They estimated that unique user numbers will reach 59 per cent by 2025 and of it 38 per cent will be internet users.

Bangladesh will get 25 million new internet users in these five years, they said.

In 2025, of the total internet users of Bangladesh, only 6 per cent will use 5G while 4G will dominate the market having 46 per cent of the total data users. At that time 3G users will amount to 30 per cent and 18 per cent will still be connected to 2G.

However, at the end of 2019, only 10 per cent of internet users had 4G connections in this market, 40 per cent 3G and half of the mobile phone users just using it for calling purposes.

Apart from Bangladesh, Pakistan is the other country where 2G is still dominating the market. Bangladesh is also the worst in position when it comes to using smartphones, even worse than Pakistan.

Currently smartphone penetration in Bangladesh is only 40 per cent and it will reach 69 per cent after five years, reads the report. In Pakistan smartphone penetration is 46 per cent and it will grow up to 85 per cent by 2025.

Mobile penetration in Bangladesh already reached 100 per cent which is better than India (78 per cent) and Pakistan (76 per cent) and will be ahead of them even in 2025.

But other countries mentioned such as Indonesia, Australia, Japan, Malaysia, Singapore and South Korea are clearly ahead at this point. Ever some of those countries have 150 per cent penetration.

The last five countries mentioned formed a new platform – APAC 5G Forum – which will be leading in this region's 5G services and the report mentioned that there would be no 2G service in those countries in 2025 while 3G will exist only among around 1 per cent of mobile users.

Of that, the Australian and South Korean markets will dominate with 5G and the remaining three would capture a significant share.

Nine markets of this region have already launched commercial mobile 5G services and 12 others have officially announced plans to launch it and Bangladesh is nowhere with regard to that, reads the GSMA report.

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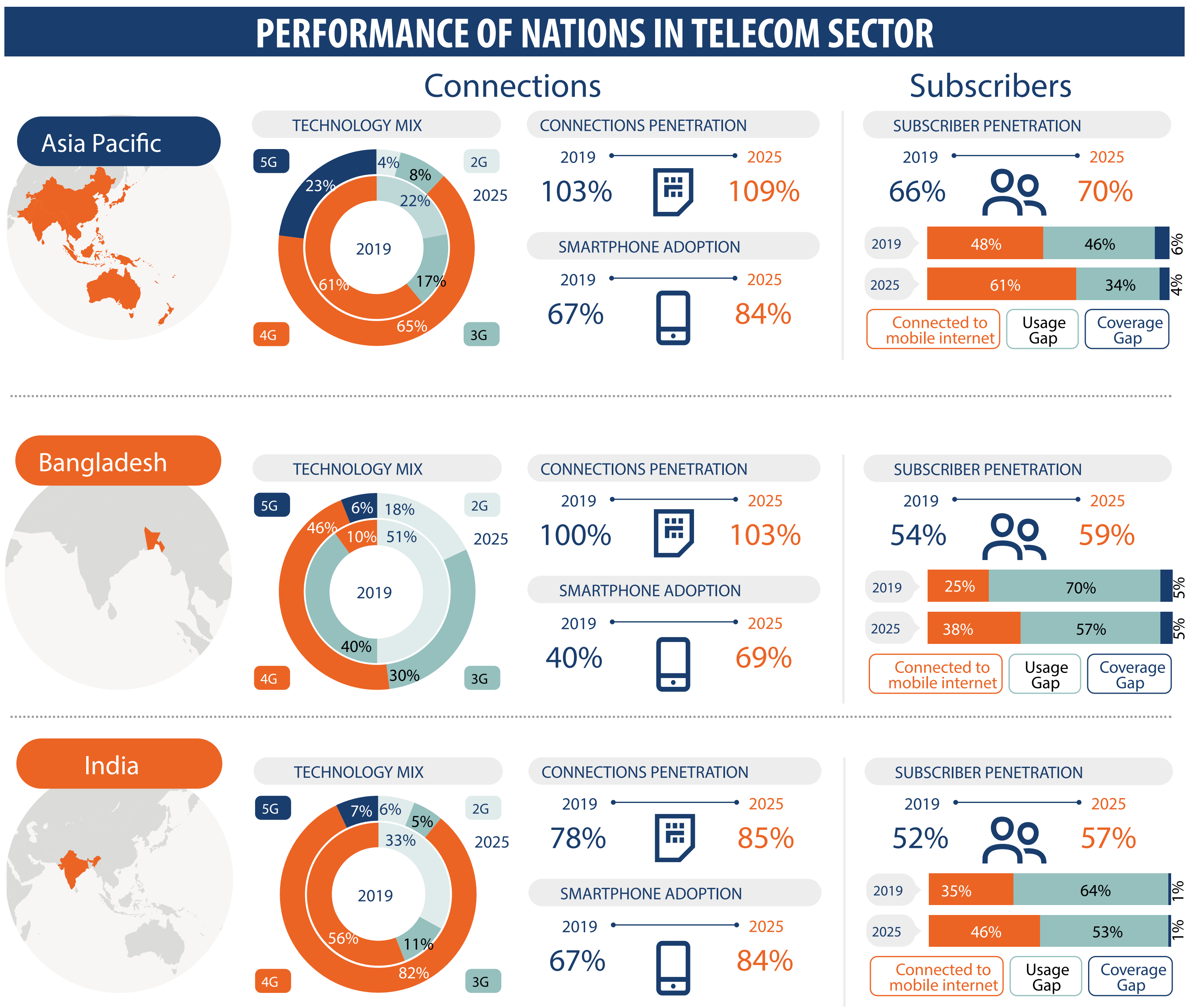

Further ease of doing business needed to attract investment: experts

Star Business Report

A favourable position on the World Bank's Ease of Doing Business Index is crucial for attracting new investments and maintaining old ones while constant policy changes will help generate more foreign direct investment, according to experts.

"To achieve the targets set by Prime Minister Sheikh Hasina, we must focus on investment," said Salman F Rahman, the premier's private industry and investment adviser.

Rahman made these comments while addressing a virtual meeting of the National Committee for Monitoring Implementation of Doing Business Reforms (NCMID), held yesterday.

At the meeting, chaired by Cabinet Secretary Khandker Anwarul Islam, faster digitalisation of the country took centre stage among discussions with key government bodies trading views on previously implemented and planned reforms aimed at improving Bangladesh's ranking in the World Bank index.

The 15-member NCMID is comprised of top representatives of various ministries, departments and agencies responsible for the implementation of policy reforms that could benefit the country's ease of doing business.

During the meeting, a presentation was delivered on behalf of Bangladesh Investment Development Authority (Bida).

The presentation highlighted some of the successful policy changes brought about by the organisation, their plans for future reforms and integration status of Bida's One Stop Service (OSS).

Rahman then urged the NCMID members to set individual targets for their respective agencies in a bid to ensure the speedy implementation of reforms outlined in Bida's Doing Business Action Plan.

To calculate a country's ease of doing business, the World Bank takes 10 factors into consideration. However, "contracting with the government" was recently added as another clause, said NCMID Chairman Cabinet Secretary Khandker Anwarul Islam.

"We discussed the Doing Business Action Plan at cabinet meetings. For all of us, it is a fundamental job and so, by using effective coordination we must ensure the progress of policy reforms," he added.

The prime minister has set a target to reach a double-digit ranking in the World Bank's Ease of Doing Business Index by 2021

The prime minister set a target to reach a double-digit ranking in the World Bank's Ease of Doing Business Index by 2021, said Bida Executive Chairman Md Sirazul Islam.

To do that though, the country would need to maintain and achieve changes to rules and regulations.

Besides, the speed at which G2B services are being integrated with Bida's One Stop Service must be accelerated as digital services are a driving force behind the development of a country's business climate.

"Reforms carried out within the specific parameters of the Cabinet Division's Action Plan will stimulate broader reforms for Bangladesh's business environment," he added.

Bangladesh has reportedly seen a number of improvements in several ease of doing business indicators ahead of the World Bank's upcoming index for 2021.

Cabinet Secretary Khandker Anwarul Islam, who moderated the session, sought updates on planned reforms from committee members and provided instructions on how to take things forward.

Islam also discussed the government's ongoing initiatives to streamline the process for profit repatriation and closing down businesses.

Emphasising on digitalisation, the cabinet secretary proposed innovated measures for treasury payments and e-khatiyan while also urging for consumer-friendly measures to be taken for the distribution of natural gas.

Islam also asked the NCMID members to drive home such reforms by providing clear instructions to their respective agencies within the month and assured that they would have full support from the Cabinet Division in this regard.

Suggesting that the NCMID should meet every two months, the cabinet secretary scheduled the next meeting for the end of August.

The government formed the NCMID in September 2017.

The committee was tasked with monitoring the implementation progress of short, medium and long-term reform recommendations.

Among other responsibilities, the NCMID also provides guidance to various agencies on how to address challenges faced in the implementation process.

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Ctg customs miss revenue target by Tk 16,445cr

Mohammad Suman, *Ctg*

Chattogram Custom House has fallen short of its revenue target for fiscal 2019-20 by 28 per cent or Tk 16,445 crore.

According to the National Board of Revenue (NBR), the target was Tk 58,298 crore while Tk 41,853 crore was collected.

During the past seven years, the customs authority faced negative growth in revenue collection. In fiscal 2018-19, the customs collected Tk 43,577 crore, which is 4 per cent higher than that of fiscal 2019-20.

Customs officials cited the impact of the coronavirus pandemic and a reduction in the import of 100 types of goods as the reasons for missing the revenue collection target.

The goods include high-speed diesel, crude oil, re-conditioned car, cement clinkers, raw materials of iron, petroleum oil, electronics parts, ready-made ceramic, and various vehicles parts.

A total of 8.29 crore tonnes of goods worth Tk 394,734 crore were imported from different countries in fiscal 2019-20 whereas 7.87 crore tonnes of goods worth Tk 35,474 crore were imported in fiscal 2018-19.

Customs sources said facilitating industries with Custom Procedure Code benefit, the South Asian Free Trade Area facility and acceptance of deferred payments by government departments could also be blamed.

Besides weak monitoring for checking the import of goods through false declarations also caused a decrease in revenue earning, the sources added.

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BB asked to make wholesale changes to policies to pull in FDI

Jagaran Chakma

The finance ministry has directed the Bangladesh Bank to make wholesale changes to the policies that could be considered systematic faults or dissuade foreign direct investment (FDI) in the post-coronavirus era.

In a letter to the central bank on June 23, the ministry asked it to take initiatives that would provide foreign investors with the scope to transfer profits back home or shift their operations to other countries without hassles.

Vietnam, India and Indonesia are all amending rules and regulations in the financial sector to create investment-friendly environments that will attract more FDIs.

Therefore, the BB should follow suit and bring in reforms after identifying the policies that deter foreign investors, the letter said.

It came as gross inflow of foreign direct investment to Bangladesh fell 13.8 per cent to $3.73 billion in the first 11 months of the last fiscal year, BB data showed. Net FDI dropped 19.04 per cent year-on-year to $1.97 billion.

How the Covid-19 outbreak has brought about radical changes to the global economy and diversification to investment policies were highlighted in the letter.

The pandemic has already created a situation where several industries and foreign investors have been forced to consider moving their operations away from China.

In light of the development, Bangladesh should try to grab this opportunity by creating an adequate business environment to lure investors.

In order to do so, first, the banking system needs to be simplified so that investors face fewer challenges, the finance ministry said.

During a meeting on June 8, Prime Minister Sheikh Hasina instructed banks to take necessary initiatives to ensure easy repatriation of profits for foreign investors.

FINANCE MINISTRY'S RECOMMENDATIONS TO BB

- Bring changes to existing rules and policies
- Identify barriers that foreign investors face
- Ensure easy repatriation of profits of foreign investors
- Help update Foreign Exchange Regulation Act, 1947
- Consult with stakeholders for ensuring an investment friendly environment

Bangladesh's currently stable political landscape, availability of skilled workers, ever-growing economy and ongoing infrastructure development are positive indicators for foreign investment, the ministry said.

Besides, non-resident Bangladeshis are now more interested in investing in various sectors, such as agriculture. However, it is often said that they face difficulties when repatriating their profits or try to withdraw matured saving schemes.

Meanwhile, a committee comprising officials from the financial institutions division and the central bank have prepared a Bangla version of the 'Foreign Exchange Regulation Act, 1947', which was uploaded on the former's website.

The initiative is aimed at providing concerned stakeholders with the scope to scrutinise the document and its clauses so that they could make recommendations on how to develop an investment-friendly environment in the country.

The finance ministry said that a draft copy of the revised rules and regulations is being prepared for approval by the cabinet with recommendations from the National Board of Revenue, the finance division, the foreign affairs and commerce ministries, the Bangladesh Economic Zones Authority, the Bangladesh Investment Development Authority, the Economic Relations Division, business organisations, and research firms.

If approved, the planned reforms would be placed before parliament for final approval in order to remove obstacles standing in the way of FDIs as soon as possible.

The letter also suggested that the central bank take necessary actions to establish an investment-friendly environment by removing legal and policy-related hurdles in the banking sector.

The BB already has various policies in place that promote cooperation with foreign investors, said BB spokesperson Md Serajul Islam.

"We have been directed by the higher authorities to execute all official formalities instantly to attract FDIs," he said.

Bangladesh has rules and regulations to attract FDI but bureaucratic complexities sometimes cause delays for foreign investors. These complexities should be removed, he said.

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