

Pirated handsets rule the show

ABDULLAH MAMUN

EACH month at least 15 lakh new mobile handsets enter Bangladesh, according to an estimate of the country's importers. But the actual figure could be more due to an influx of pirated devices.

About 1.71 crore new subscribers have been added to the mobile network in the last one year, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

All these people are supposed to purchase new handsets. Besides, 30 percent of the existing subscribers need to buy new handsets in case of damage, loss or theft of the old ones.

A number of pirated mobile handsets land in the market, which are beyond official accounts. According to Bangladesh Mobile Phone Importers Association, almost 40 percent of the imported mobile handsets are counterfeited. These sets can be found in the name of every famous brand.

Industry people say the number of pirated handsets arriving in Bangladesh will be not less than 6.5 lakh per month, depriving the end-users of the experience only an original device can offer.

The importers say basically the users of the pirated handsets are from rural areas. One can easily get a handset carrying a fake label of a world-class brand just at Tk 5,000 to Tk 7,000. But the original features and software will be missing.

The buyers of pirated sets will not get after-sales services. The quality is often compromised and unpredictable. All the original new sets would offer a one-year warranty along with a six-month warranty of battery and charger. But the pirated sets will not offer these. Sometime the importers of pirated sets copy the warranty cards, putting more hassles on the service centres.

Serious security concern is also related to the pirated phone sets. A couple of months ago, an intelligence wing of a security agency was searching for a certain number. Finally they got 117 handsets with the same International Mobile Equipment Identity (IMEI) number; one is real and the rest were fake.

The IMEI is a unique 17- or 15-digit code used to identify an individual mobile set to a network. The number provides an important function -- it uniquely identifies a specific mobile phone being used on a particular



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The handset market is growing in Bangladesh, but an influx of low-priced sets is dominating the market.

mobile network.

The IMEI is a useful tool for retrieving a stolen handset. By barring the IMEI number a stolen phone set can be disabled. The number can be found under the battery of sets.

Anybody can perform an unlawful act by using a pirated handset. A SIM is traceable but not the set or the person involved. In some countries the regulators register the IMEI number to shed criminal offences, say experts.

The importers of pirated sets also dodge tax. The money is also siphoned off through illegal channels. Mobile importers claim a number of people import devices through illegal means as the 12 percent import tax is high.

Leaders of the importers' association said when the government imposed a tariff of Tk 200 per handset, about 93 percent of all sets arriving in Bangladesh came through formal channels. This dropped to 70 percent when the tariff was raised to Tk 300, they added.

But in the last few years the taxation became complex and tax has been raised to 12 percent on value of the sets. As a result, only about 40 percent of sets enter the country through legal ways, said the importers.

"If the government wants to implement the 'Digital Bangladesh' vision, mobile handset has to be declared an Information Technology Enabled Service (ITES) device," said

ATM Mahabubul Alam, treasurer of the association.

Alam said mobile handset is called the third screen after television and computer screens that help people browse the internet. If the original and quality handsets can be imported at reasonable prices, the country's mobile penetration will go up, he added.

"The government wants to collect higher revenues from the sector, but high penetration with less tax could give more money to the state coffers," Alam said, adding that the taxation should be simple and hassle-free.

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Connecting the next billion...

Nokia's country director shares his plan for Bangladesh

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NOKIA says its mission is simple -- connecting people. Its strategic intent is to build great mobile products, and its job is to enable billions of people everywhere to get more of life's opportunities through mobile. The mobile giant's Country Director in Bangladesh Abu Daud Khan recently sat with The Daily Star to share his plan here.

Where does Bangladesh stand in the Nokia map?

Daud: Nokia has been doing business in Bangladesh for a long time. But the full setup and office facility came in 2006. We strongly recognise the opportunities, facilities and consumers in Bangladesh. This market holds a huge potential because the economy is growing fast. Its creative young generation is capable of capitalising on the opportunities. We would like to work here to be closer to the customers. They also value us, which became evident after we won the best brand award from Bangladesh Brand Forum for a third time this year.

How do you research on local market and make business decision?

Daud: Actually there are two parts in this regard. We get a lot of consumer insights from our global office. On the other hand, we always try to be closer to our consumers to understand their true feelings. We send our findings to the global office for evaluation. So the decision comes simultaneously from both sides.

There are segments in mobile hand-



Abu Daud Khan

set market such as smartphone or low-priced devices. What is your target in Bangladesh?

Daud: Right now our goal is to connect the next billion in the developing markets. Our new global chief executive Stephen Elop announced the new strategic vision in February. What do we mean by this? Think about Bangladesh's over 16 crore

people. There are 75 million mobile phone subscribers in the country and there is multiple SIM usage here. Still at least 50 percent people are out of mobile connectivity and they cannot afford the phone. So our target is how much we can make the set affordable to them. These people like to talk at cheaper rates. So, we are planning to introduce dual-SIM handsets in Ban-

gladesh soon.

Moreover, a major part of the next billion customers will also use internet. We achieved a good penetration in mobile connectivity but the internet connectivity is still frustrating. About 95 percent users are in the service of mobile internet. So we want to provide internet experience to the people through mobile sets. We are in line to design the product. We think the set's screen has to be bigger with a typing-friendly keyboard. We are concentrating on hardware mechanism now. Currently, Nokia is marketing big screen handsets with a high price tag. But our target is to make high quality sets with smart features at affordable prices.

Nokia will also provide its own browser that will help get webpage very fast. We are also working to develop local contents by the Bangladeshi people. So all the three dimensions -- hardware, software and content development -- are on board.

How do you plan to face pirated phone sets, especially the low quality ones that are flooding the Bangladesh market?

Daud: A huge number of low quality sets are coming to Bangladesh. We think the high import tax is responsible for that. The regulator has a policy about the quality of sets to be imported. But it has not been updated. As a result, the money is going outside. It is high time to think about the quality of imported sets. The import tax for sets is 12 percent on valuation, whereas it is 4 percent in India, 6 percent in Nepal and 7 percent in Sri Lanka. Due to high tax,

some people import the device avoiding regulations on quality. If the government fixes tax at a rational level, the imports of bad quality sets will reduce.

How much do you control in Bangladesh's handsets market?

Daud: We are a global company that announces the numbers globally. If such announcement comes out in the local market it could confuse shareholders. So we do not disclose any number for any specific market. The customers have awarded us the best brand recognition for the last three years. It is a great achievement.

Samsung has set up an R&D centre in Bangladesh. Grameenphone has introduced GPIT. We also see a lot of enthusiasm in the software sector in Bangladesh. What is Nokia thinking about the issue?

Daud: A number of Bangladeshi youth are engaged in freelance software development. We are engaging them with us. We are providing them training with help from Nokia Forum. This is a continuous process. We also help them monetise their products. We provide them the Ovi Store platform, which will be working as Nokia's own store.

What do you expect from the government?

Daud: The government should reduce import tax. We also want to go back to the previous taxation regime that was imposed on handsets, rather than fixing the tax in percentage to valuation. Due to 12 percent tax, low quality sets are inundating the market.

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Abu Daud Khan, country director for Nokia, said: "We strongly recognise the opportunities, facilities and consumers in Bangladesh. This market holds a huge potential because the economy is growing fast. Its creative young generation is capable of capitalising on the opportunities"