



Smartphone penetration in Bangladesh is over 50 per cent among mobile phone users, according to the telecom regulator, which collects data from the operators. PHOTO: STAR/FILE

4G smartphone production down 61% in Q1

Import costs rise for taka's depreciation

MAHMUDUL HASAN

Production of 4G smartphones has plummeted by over 61 per cent year-on-year in the first quarter of this year, as import costs have increased for the taka's depreciation against the dollar.

Also, a shortage of the greenback has made it difficult to open letters of credit, while high inflation has worsened the purchasing capacity of many smartphone aficionados.

During the January to March period, local manufacturers made 14.23 lakh 4G smartphones, according to the latest data of Bangladesh Telecommunication Regulatory Commission (BTRC).

Around 36.39 lakh were made in the same period a year ago.

The smartphone market in Bangladesh witnessed a double-digit decline for the first time in seven years in 2022, according to the latest Market Monitor report by Counterpoint Research.

Meanwhile the feature phone market had grown slightly.

In its report, the global market research company said Bangladesh's smartphone shipments declined 23 per cent year-on-year in 2022.

The bad days are not going away anytime soon, which should ring an alarm for the manufacturers, said industry

operators.

About 3.91 lakh 4G handsets were manufactured in January and 4.62 lakh in February.

However, the figures rebounded slightly in March, with plants producing 5.7 lakh units of 4G smartphones.

The industry is hurt mainly due to high inflation and the unprecedented dollar price hike.

On top of that, the National Board of Revenue slapped a 5 per cent value-added tax at each of the sales stages, exacerbating the woes of the manufacturers and consumers.

Besides, consumers have tightened their belts amid skyrocketing price hikes of most essentials.

"If we compare the sales of devices from Q1 to Q4 of 2022, the decline is 30 per cent in the final quarter of the year," said Rizwanul Haque, vice president of the Mobile Phone Industry Owners' Association of Bangladesh.

"The costly dollar price and difficulty in opening letters of credit are also hampering our growth," he added.

He said the manufacturers had a 10-year plan when making investments and stalling of natural growth causes concern for entrepreneurs.

In Bangladesh, local handset production has taken impressive strides

in recent years, aided by the government's huge tax benefits unveiled in fiscal year 2017-18.

Since then, 15 plants have been set up, creating jobs for around 17,000 people. Another four plants are in the pipeline.

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But now they are battling the drop in sales in the local market.

According to experts, the penetration of 4G technology, which enables access to faster internet, in a developing country can have a significant impact on its economic growth and social development.

In not only enables faster access to information and online services but also facilitates innovation and entrepreneurship.

"Because of low 4G, a lot of services like video and other digital services don't

have enough users," said AKM Fahim Mashroor, chief executive officer of bdjobs.com.

"For services like online learning and different types of freelancing jobs and e-commerce, 4G compatible handsets that enable using high speed internet is a must," he added.

Only 30.9 per cent of individuals own a smartphone and 39 per cent use the internet in Bangladesh, showed a preliminary report of "Survey on ICT Use and Access by Individuals and Households 2022" published by the Bangladesh Bureau of Statistics in late December last year.

It depicted a grim scenario when it comes to digital inclusion, contradicting the claims of government officials, who often paint a rosy picture of the country's digital advancement and connectivity.

Government officials often say there are more than 13 crore internet users in Bangladesh.

However, smartphone penetration is over 50 per cent among mobile phone users, according to the BTRC, which collects data from the mobile operators.

"There is no benefit if you produce cutting-edge technology devices but people can't afford it," said Telecom Minister Mustafa Jabbar recently.

"So, now we have to ensure devices at affordable prices," he added.

DR Congo offers contract farming to Bangladeshis

STAR BUSINESS DESK

The Democratic Republic of the Congo (DRC), a country in central Africa, has enabled a lot of opportunities for Bangladeshi businesses and foundations in contract farming.

Tenday Luaba, representative of the ministry of foreign affairs of the DRC, conveyed the information in a letter handed over to Ziauddin Adil and Nazir Alam, honorary consuls of the DRC in Bangladesh, said a press release.

The ministry of agriculture of Bangladesh in a related letter stated that Bangladeshi businesses that are interested in contract farming in the DRC will receive a variety of support.

These include assistance with land selection, hiring Bangladeshi labourers, transferring technical services and agricultural supplies, managing the distribution network, and receiving various incentives.

Besides, organic production of agricultural products will create demand for export to Bangladesh and European markets.

Moreover, Bangladeshi foundations will be able to offer microcredit services there in farming and agriculture sectors.

Those who will send processed food from Bangladesh to the DRC can also undertake manufacturing and marketing of these products there if they want.

The consuls posted in Bangladesh will offer guidance and support to sales in schools, hospitals, nursing homes, government organisations and others in the DRC.

The DRC's consulate office in Bangladesh believes that this new project would strengthen the socio-economic ties between Bangladesh and the DRC.

IMF sees high rates, oil price worries in Middle East

REUTERS, Washington

Banks in the Middle East and Central Asia have very limited exposure to last month's banking turmoil in the United States and Europe, but financial pressures are adding to strains caused by high interest rates, volatile oil prices and years of double-digit inflation, a top IMF official said on Saturday.

Jihad Azour, director of the International Monetary Fund's Middle East and Central Asia department, said the banking sector strains came on top of tighter monetary policies that raised rates and reduced accessibility to finance.

Azour said there was an increasing gulf between countries that had good credit and were able to access the markets, including Morocco, Jordan and oil exporters, and others who were struggling.

"We are worried because the matrix of risks keeps growing high interest rates, volatility in oil prices, geopolitical tensions, and it's the third year in the row where you have double-digit inflation," he said.

Stability in the financial sector was not the primary concern, he said, trumped for now by worries about high debt levels, the risk of social unrest and the ability to maintain tight policies because of pressures on the social front.



Aziz Arman, middle, chief executive officer of Jatri, is seen with fellow co-founders Zia Uddin and Khandoker Taswar Zahin. PHOTO: JATRI

Jatri raises \$5.25m

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and inefficient nature, with buses serving as the primary mode of transportation for most of the population.

Commuters regularly face challenges such as overcrowded buses, inconsistent fares, and premium charges by conductors, while bus operators and owners grapple with pilferage caused by a lack of visibility and cash book-based record-keeping.

Jatri is tackling the pain points faced by commuters, operators, and regulators in the public transportation sector with its full-stack services that aim to digitalise and modernise the industry.

The tech-enabled service offers operators and bus owners a centralised dashboard that syncs with every vehicle on the network, digitalises data, streamlines operations, and allows for better allocation of resources.

Commuters benefit from standardised prices, transparency, convenience, and a broader range of transportation options.

In the press release, Sonia Bashir Kabir, managing partner of SBK Tech and lead investor, said, "We are committed to investing in startups like Jatri that directly impact the lives

of ordinary citizens." "Mass mobility is a multibillion market opportunity that was inefficient, opaque, and largely unbankable. This is an industry ripe for digital transformation and will lead to a cashless, Smart Bangladesh."

"Jatri's unique value proposition has efficiently demonstrated that technology can solve problems of the masses at scale."

In November last year, the Dhaka Road Transport Owners' Association announced Jatri as the exclusive e-ticketing partner, starting with 5,650 buses operating in the capital city.

Since then, the company has processed more than 100 million ticket sales.

Jatri's digital platform, which replaces manual and error-prone paper-based reporting, has resulted in an increase in daily sales by 15-25 per cent per bus, previously lost to theft and leakage.

"Jatri's large and growing network of bus partners is proof of the dire need for digital transformation of Bangladesh's mass transportation industry," said Aziz Arman, CEO of Jatri.

"This fresh round of funding will allow us to continue to build momentum to create the 2.0 version of the mass public transport system."

Govt honours 71 exporters

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Every year some 30 lakh fresh graduates exit universities. Of them, some 1.20 lakh can manage jobs in government, semi-government or autonomous bodies, he said.

Some 10 lakh young people go abroad every year and most of the rest enter the private sector, he said.

Azad also said with the downward economic trend globally, some garment factories were receiving 10 per cent to 20 per cent lesser work orders nowadays compared to the same period in the previous year for the Russia-Ukraine war.

Apart from the LDC graduation challenges, local apparel exporters will have to ensure that 25 per cent of their products are made from recycled yarn and reduce water consumption in washing and dyeing by 40 per cent after 2026, he said.

But in Bangladesh the current policy

does not support import of discarded old clothing for making the recycled yarn and local suppliers cannot provide adequate supplies of such clothes, he added.

Although the rate of energy prices has been doubled, local industrialists are still suffering from a shortage of gas in industries, said Azad.

It will be possible to export goods worth \$300 billion by 2041 if some problems are solved now, said Jashim Uddin.

For example, not being provided adequate gas pressure in supply lines even after paying double the price is turning suicidal for industries, he said.

He suggested that the government arrange an inter-ministerial meeting soon to resolve the challenges in the utility services to industries.

The FBCCI chief also demanded that the government reduce source tax to 0.50 per cent from the existing 1 per

cent as the current rate has an impact on 20 per cent of the profitability.

A lot of industries are shifting from China and Bangladesh needs to utilise this opportunity, he said.

"It is the duty of all to increase the export earnings of the country. We are honoured...our next target is to increase the volume of export. Bangladesh is a country of huge potentials," said Ahsan Khan Chowdhury, chairman and CEO, Pran-RFL Group.

"There are huge opportunities in different sectors. The sectors will help us to increase the country's export. As a business conglomerate, Pran-RFL has around 145,000 employees. We want to move the country forward increasing our export earnings," he said.

Ghosh assured that the government would ensure preferential market access to local exporters even if it means signing the FTAs with major trading partners.

BTRC asks

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Md Nasim Parvez, director general (system and services) of the BTRC, said payments for these digital ads are made using foreign currency.

"So, we want to look into the operators' spending patterns by comparing last year's spending with that of previous ones," he added.

The BTRC even provided a sample spreadsheet, indicating how operators can list their payment details for digital advertising, including the amount paid, what currency was used and how the money was transferred.

In addition, there is space for mentioning the description or type of advertisement that aired.

Global tech giants operating in Bangladesh came under the tax net last fiscal year as the government made it mandatory for them to submit returns even if they lack a physical presence in the country.

In 2021, Google, Facebook, Amazon, and Microsoft had received value-added tax registration, enabling the National Board of Revenue to ensure compliance in this regard.

AC sales soar

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Thanks to technological upgrades and their low power consumption, the ACs with inverters account for 65 per cent of sales whereas it was the opposite just three years ago, he said.

He believes in the future non-inverter ACs would be forced out of the market as demand for those was going down continuously.

"The sales of air conditioners have increased significantly since mid-March due to a spike in temperatures," said Ritesh Ranjan, head of business at Transcom Digital.

However, demand for other electronic home appliances was low owing to high inflation, he said.

Transcom Digital retails ACs of different brands such as Samsung, Hitachi, Whirlpool, Transtec, and Daikin.

According to Ranjan, 1.5-tonne inverter ACs account for around 60 per cent of the demand for residential use.

Like Transcom, the sales of ACs of VISION Electronics, a concern of Pran-RFL Group, have increased in line with the arrival of the heatwave. Kamruzzaman Kamal, director

for marketing at Pran-RFL Group, said the market has been rapidly increasing in terms of the growth of ACs demand in the recent years.

As the temperature is increasing, the air conditioning market is expected to grow at a compound annual growth rate (CAGR) of around 25 per cent between 2023 and 2027, he said.

"We are expecting 30 per cent higher sales this year compared to the previous year. Currently we are offering a 10 per cent discount on online purchases," he informed.

According to him, VISION Electronics has a yearly capacity to produce some 50,000 units of ACs.

Md Manzurul Karim, general manager of Esquire Electronics, the sole distributor of products of Japanese electronic brands General and Sharp, said the sales of ACs have been impressive as temperatures have increased rapidly.

The sales of ACs will slightly make up for the dull market of other home appliances, he said.

He said the technology used in ACs has improved a lot and consumption of power by inverter ACs has gone down by almost 60 per cent.

Cosmetics makers

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huge number of products hit the markets every month. So, securing approval from both the BSTI and the DGDA will be a difficult task as well."

FBCCI President Md Jashim Uddin said both drugs and cosmetics sectors need separate laws since their manufacturing process is different.

"If they are treated under the same law, cosmetics producers will face difficulties. During the formulation of the draft law, the government should have consulted at least with the FBCCI."

Health and Family Welfare Minister Zahid Maleque said the government sometimes receives allegations that cosmetics products contain harmful ingredients.

Good companies are not producing cosmetics that have harmful ingredients. Rather, bad companies make inferior products, he said.

"So, the government has felt the necessity to take some initiatives and the cosmetics sector is being brought under rules and regulations. Some problems may arise while formulating laws and they will be resolved through talks. There is nothing to be worried about."

Maleque said he would ask the parliamentary standing committee to consult with stakeholders in its next meeting before submitting the draft law to the parliament.

The BSTI has 14 technical committees for the cosmetics segment and it follows five guidelines that are accepted in many countries, said Md Arafat Hossain Sarker, assistant director of the BSTI.

Because of the draft law, cosmetics producers will come under two regulators for the same tasks, he added.

Naser Ezaz Bijoy, president of the Foreign Investors Chamber of Commerce and Industry, and MA Momen, vice-president of the FBCCI, also spoke.

According to research organisations LightCastle Partners and Allied Market Research, an estimated \$1.23 billion worth of skincare and personal care products were sold in Bangladesh in 2020 and the amount is expected to hit \$2.12 billion by 2027.

Bangladesh imports cosmetics worth around Tk 10,000 crore every year, said importers.