

CONNEXION

steering telecom ahead

Mar-Apr 2014

MOBILE TELECOM INDUSTRY ACCELERATING NATIONAL ECONOMIC DEVELOPMENT



BANGLADESH NEEDS REVISION OF NATIONAL TELECOMMUNICATION POLICY

World
Telecommunication
and Information
Society Day

17 May 2014

BROADBAND FOR SUSTAINABLE DEVELOPMENT

WTISD 



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Today's telecommunication technologies have evolved from the earliest smoke signals to almost instant global transmission of large amounts of data. Mobile telecommunication is yet another example of how a technology can change the total lifestyle of a human society.

Bangladesh's Mobile Network Operators (MNOs) are no exception. MNOs have been working relentlessly in line with the government's vision to connect the unconnected at grass root level and providing valuable support in the economic development of the country.

Sadly, under the prevalent austere taxation regime in Bangladesh most of the MNOs are recurring net loss every year. Bangladesh has the highest corporate tax rate in South Asia and ironically the lowest tariff rate. We are surprised to note that there is no incentive given to mobile industry for going public or offering IPO.

Many foreign investors e.g. SingTel, NTT Docomo and Warid Telecom have decided to revoke their investment and rolling up their business from the country. Despite the fact that, MNOs are well ahead of other Asian countries in terms of GDP contribution. Year after year MNOs have contributed more than 60% in FDI.

The Telecom industry in Bangladesh is in its nascent stage and a lot of opportunity still remains untapped. The fact corroborates that there are untapped market for the telecom sector. Elimination of SIM Tax, which is a proposal of the MNOs, will rather boost the country's revenue from the industry and expedite the expansion of the telecom sector by connecting the unconnected population.

MNOs importing telecommunication equipment is in completely knocked down (CKD) condition. At present, customs authority is arbitrarily segregating and re-classifying the integral and essential parts of the telecommunications equipment under HS Codes different from the imported telecommunications equipment. MNOs recommend that all types of imported telecom equipment supported by NOC from BTRC should be brought under the SRO benefit with the customs duty at 5%.

MNOs forwarded industry's Budget Proposal to NBR. The NBR Chairman assured that the MNOs proposal will be scrutinized thoroughly. We strongly advocate holistic and strategic budget initiative for long term sustainable development. We hope for the best.

One last matter that is pertinent to mention here: the country urgently needs a revision of its National Telecommunication Policy (NTP) as telecommunications is one of the most vibrant sectors of the country, yet running with a 17-year-old policy.

World Telecommunication and Information Society Day will be celebrated on 17th May in Bangladesh and elsewhere in the world to mark the anniversary of the signature of the first International Telegraph Convention in 1865, which led to the creation of the International Telecommunication Union (ITU). For 2014, the theme is "Broadband for Sustainable Development". From Bangladesh perspective, Broadband is a must for sustainable development and we sincerely hope that government will consider mobile industry as their partner for achieving the development dream.

T I M Nurul Kabir

ABOUT AMTOB

Association of Mobile Telecom Operators of Bangladesh (AMTOB) is a national trade body representing all mobile telecom operators in Bangladesh. AMTOB has emerged as the official voice of the Bangladesh mobile industry to interact with relevant government agencies, regulators, financial institutions, civil society, technical bodies, media and other national & international organizations. It provides a forum to discuss and exchange ideas between the stakeholders and the industry actors for the development of mobile telecom industry through public private dialogue. AMTOB facilitates an environment which is conducive for its members and industry stakeholders with a view to establish a world class cellular infrastructure for delivering benefits of affordable mobile telephony services to the people of Bangladesh to bridge the digital divide.

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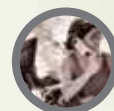
DID YOU KNOW?

The first mobile **phone call** was made in **1973**



First commercial cellular network

was launched by NTT in Japan in **1979**

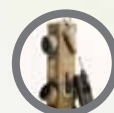


First multinational cellular network

was the Nordic Mobile Telephony in **1981**

Motorola introduced

the first commercial mobile phone in the US in **1983**



Simon Personal Communicator

was the first "smartphone." Simon was designed by IBM in **1993** and retailed for **\$899**



NUMBERS & ANALYSIS

Globally, there are **7 billion** mobile phones, **1.5 billion** are smartphones. There were just **12 million** users 23 years ago



Towards the start of 2013 – there were **6.8 billion** phones, but only **3.2 billion** people in the world have them, out of **7.1 billion** people

We spend nearly **40%** of our Internet time on our mobile devices

1.6 billion phones have Mobile Broadband and **41%** of households worldwide are connected to the Internet

MOBILE TELECOM INDUSTRY ACCELERATING NATIONAL ECONOMIC DEVELOPMENT

Bangladesh's mobile telecom sector is probably one of the few sectors of the country which have witnessed phenomenal growth in the recent past. Mobile subscribers' number grew over 17 percent in 2013 in comparison to 2012. Year on year growth remained over 10%.

The growth was propelled by the relentless effort made by the Mobile Network Operators (MNOs) as they wanted to spread the networks in every nook and corners of the country especially in rural Bangladesh with an objective to connect the unconnected grass root people.

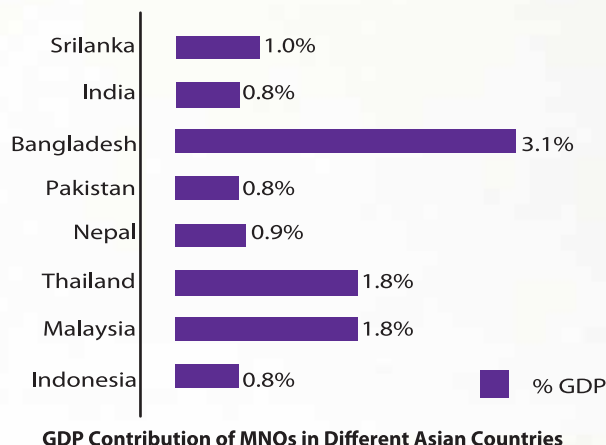
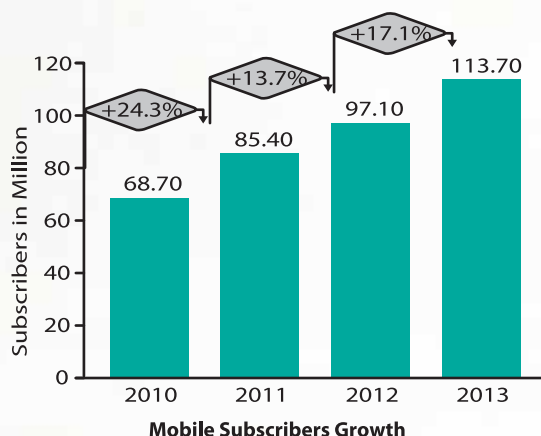
The MNOs made the endeavor to bolster the government's vision of a Digital Bangladesh. We all feel that short term taxation benefit will not help achieving any goal that government envisage, rather a holistic approach is needed to materialize government's vision. Telecom industry is in dire need of government's intervention from collapsing. Let's evaluate some of its proposals.

MOBILE SUBSCRIBERS GROWTH

Bangladesh's mobile telecom sector despite being one of the fastest growing telecom markets in the world, the largest contributors to the Foreign Direct Investment (FDI), one of the main sources of government's tax revenue and one of the largest employers in the country has been facing huge challenges in absence of a pro-industry taxation regime.

The contribution of the mobile sector in the Bangladesh's economy has represented over 3.1 percent of GDP in the fiscal 2012-2013. The GDP contribution was the highest among other Asian countries. It is 0.8 percent in India, Indonesia and Pakistan while 1 percent in Sri Lanka and 1.8 percent in Malaysia and Thailand.

Mobile telecom industry remains one of the largest contributors to Foreign Direct Investment and source of tax revenue for the government. For every USD 100 of FDI, more than USD 60 has been invested by mobile operators. MNOs so far



invested BDT 71,870 Crore in Bangladesh since 1997.

The mobile telecom industry has around 116 million subscribers at the end of February 2014 and by now has brought over 95% of geographical area and 99% of the population in Bangladesh under mobile communication coverage. Within a short span of time, it has helped country's tele-density reach close to 70% from less than 0.4% in 1997.

Many of the mobile subscribers use more than one SIM in order to enjoy the attractive packages offered by MNOs and to optimize the friends and family (FnF) offers. The actual mobile users' number is around 76 million while the real penetration rate is 45 percent.

THE MOBILE ECOSYSTEM'S CONTRIBUTION THROUGH TAX AND REGULATORY FEES

The mobile ecosystem makes a major contribution to public funding via a number of routes including VAT, sales tax, import duties, corporate taxes on the profit of companies in the sector, social security and income taxes levied on employees, property taxes and a variety of regulatory fees including spectrum fees, says a GSMA recent publication.

EVERY 100 TAKA THAT MOBILE OPERATORS EARN AS REVENUE, 55 TAKA GOES TO GOVERNMENT EXCHEQUER

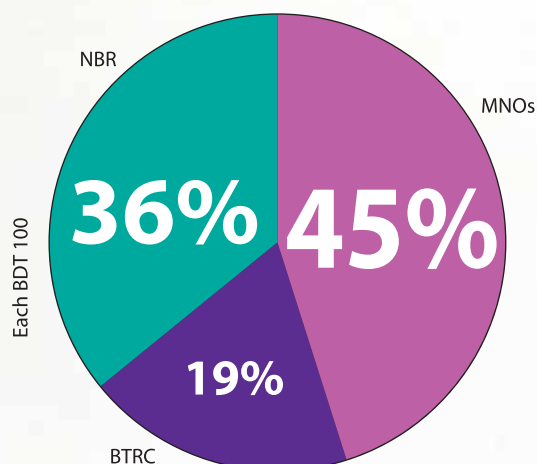
According to an estimate the mobile ecosystem's contribution to public funding in 2012 amounted to approximately US\$490 billion globally – a 30% increase compared to 2008. As the mobile ecosystem revenues grow, the contribution to public funding is expected to increase at the rate of 2% p.a. to 2017, with a projected cumulative contribution of US\$2.6 trillion between 2013 and 2017. The contribution

government gets from the mobile ecosystem is a safe and stable source of income. Even during the economic crisis in 2008-2009 the tax paid by the ecosystem continued to grow at a rate of 7% per annum.

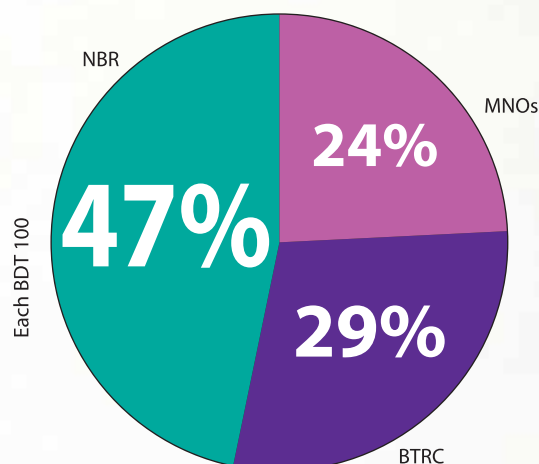
TELECOM SECTOR AND TOUGH TAXATION REGIME

Bangladesh is a unique example of phenomenal mobile subscriber growth even with one of the highest tax regime in the world. The sector is growing despite the unfavorable taxation policies. The sector is bringing remarkable change in the lives of different sections of the society. It is acting like a change maker.

The sector is now the most attractive source of government tax revenue. MNOs are only contributing to the national exchequer but



Yearly average contribution excluding license fees



Last 3 years' average contribution including license fees

Distribution of Every BDT 100 Revenue

getting nothing in return, neither incentive nor tax rebate/holiday.

Tax and VAT have been imposed in every stage of the MNOs' business starting from subscribers' acquisition stage and ending at corporate tax.

In addition to 15% VAT on all goods and services, at present supplementary duty and VAT on new SIM/RUIM card is BDT 300 per new connections. This is the single largest obstacle in the acquisition of new subscribers, constituting a major barrier to growth and blocking new investments in updating mobile networks that provide broadband and voice communication via mobile infrastructure.

Mobile telecom sector is one of the worst hit sectors suffering from various discriminations in relation to the country's taxation regime.

Corporate tax, minimum tax, customs duty on telecom equipment ancillaries e.g. batteries, connectors and cables are a few to name.

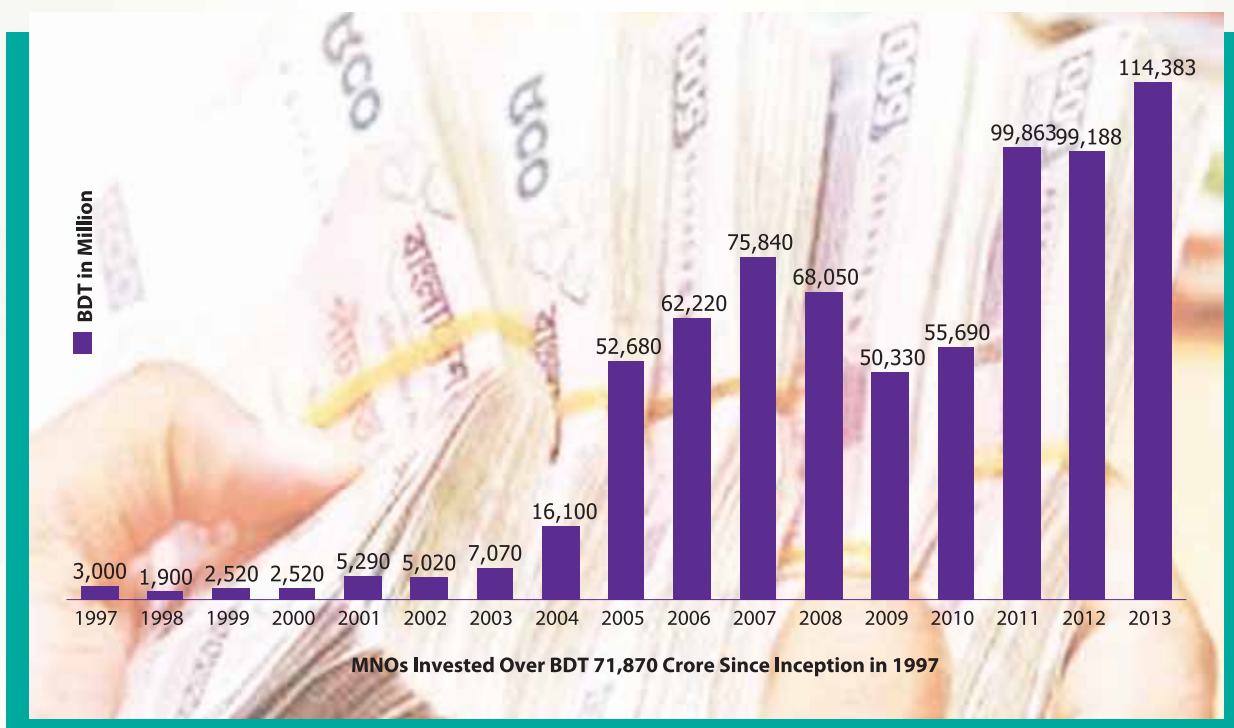
ELIMINATION OF SIM TAX

At present, cellular mobile operators are required to pay Value Added Tax (VAT) of BDT 109.96 and supplementary duty (SD) of BDT 190.05 for supply of each SIM and RUIM. These VAT and SD are collectively known as SIM tax (BDT 300).

Though SIM tax is an indirect tax by nature, due to

economic conditions of people in Bangladesh and market competitiveness, operators are not able to collect this tax to the fullest extent from the subscribers rather pay the said tax by themselves. In order to facilitate the growth through expansion of this industry, the operators are left with no choice other than paying this said tax by themselves. Hence all operators have been subsidizing SIM tax, which is not only creating pressure on the financial position of the operators but also restricting them in selling and distribution of SIM. The mobile operators are under continuous dialogue with regulators to review the SIM tax and as part of the exercise the Government has reduced the SIM tax to BDT 300 during last budget 2013-14. However, while appreciating the move of the regulator, the operators are strongly reviewing the latest situations and are of the firm opinion that complete removal of SIM tax will ensure further growth of the industry which will act as an enabler for Digital Bangladesh vision.

Removing SIM tax will increase penetration of mobile connectivity and contribute to development increasing penetration to more than 80% of the population by 2015. Considering an addressable market of about 90 million at the end of 2015, mobile market will penetrate more than 85%, which is in line with the Government's objectives. Internet connectivity will bring a



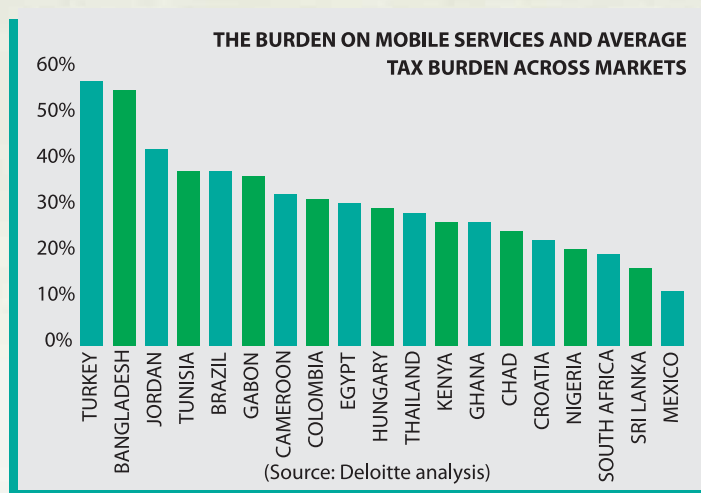
revolutionary change in rural life style. Affordability and usability of mobile telecommunication will increase for rural people. Last but not the least mobile connectivity will enable the un-banked (about 97% of total population) to utilize banking and financial services including remittances.

It got other benefit also e.g. further investment in Telecom and IT infrastructure will contribute to the country's development, health, education and agricultural information services which will be more widely available in rural areas. Employment opportunities will grow with industry growth and mobile growth will have positive impact on GDP growth.

Increased mobile connectivity not only makes telecommunication services accessible to people from all parts of the country but also contributes to national economic growth by increasing business productivity, creating direct and indirect employment and empowering people. According to a study, each 10% increase in mobile penetration increases gross domestic product (GDP) by 0.8%-1.2% (source: Deloitte, 2012). Moreover, a 10% substitution from 2G to 3G penetration increases GDP per capita by 0.15%. Considering current mobile penetration in Bangladesh, by making mobile services available to the entire population and by launching 3G the government could increase economic growth by 2%-4% further.

Already, Bangladesh has one of the highest tax rates for mobile industry in the world.

Removal of SIM tax will reduce government's revenue on one hand but will increase it on the other hand and the net impact for government is



very much positive.

Mobile market growth shrank alarmingly when operators opted for unsubsidized sales. Mobile

operators extended their services in the rural areas by subsidizing the SIM tax from their own pockets at the cost of their business.

In view of the revolution and contribution of mobile phone industry in Bangladesh over the past one era and its exciting potential, it is essential that our Government gives positive consideration for the growth of the Industry.

The industry will grow at a progressive rate if the SIM tax elimination is considered. Operators will be able to extend network coverage in rural areas to serve telecommunication to the financially constrained rural population.

Mobile telecom sector would like to humbly request the government to eliminate SIM tax completely, considering the socio-economic and other associated positive impact of mobile sector on GDP and economic condition of people. This reduction will enable mobile operators to contribute more to the government exchequer and to play a critical role in building a digital Bangladesh.

EVERY 100 TAKA INVESTMENT THAT COMES TO BANGLADESH AS FDI 62 TAKA COMES FROM MOBILE OPERATORS

UNIFORM CORPORATE TAX RATE

At present the corporate tax rate for listed mobile phone service providing company is 40% and for non-listed mobile operator company is 45%.

Whereas the corporate tax rate

for general listed companies is 27.5% and for non-listed general companies is 37.5%. Moreover the 10% tax rebate on corporate tax for distribution of dividend at more than 20% is not available for listed mobile operator companies.

While the other developing countries are providing subsidy for the development in the technology sector, high tax burden has put off investors to invest in the technology relevant sector which will bring growth to a halt, encumbering the target for achieving the vision of Digital Bangladesh.

In order to attract investment in high tech communication sector and to encourage both local and foreign investors to invest in the sector, it is important to bring harmony in the corporate tax rate of mobile operators with other sectors. Cellular mobile industry invested substantial amount of money in Bangladesh despite no fiscal incentives.

Despite handsome amount of dividend provided by the listed mobile company, 10% tax rebate is not applicable which is allowed for the general publicly traded companies of the country.

Mobile telecom industry proposes to reduce the corporate tax rate to 30% for listed mobile operators and 35% for non-listed mobile operators. Moreover, necessary amendments may be made to make listed mobile operators entitled to 10% tax rebate in case of more than 20% dividend distribution.

ELIMINATION OF MINIMUM TAX

As per the Income Tax Ordinance 1984, every firm or company having gross receipts of more than BDT 50 lakh irrespective of its profit or loss in an assessment year shall be liable to pay 0.50% of gross receipts.

Payment of tax in spite of having loss is against the spirit of law and in case of incurring loss and additional tax payment, the concerned business faces shortage of working capital. The authorities may also look into the fact that when a company is having loss in initial years then payment of tax means payment from capital investment.

BOI ensured that the protection of foreign investment is violated by tax laws. In spite of having profit in any year, tax loss adjustment of the previous year also results for payment of

minimum tax. Telecom companies have to pay a substantial amount of license acquisition fees for which it normally requires a few years to become a profitable venture. During the loss period they require to pay a huge amount against "Minimum Tax" law.

Mobile telecom industry proposes to delete the section 16CCC which is contradictory to the spirit of Income Tax law.

HARMONIZATION OF CUSTOMS DUTY

MNOs have been importing telecommunication equipment in complete knocked down (CKD) condition. At present, customs authority is arbitrarily segregating and re-classifying the integral and essential parts of the telecommunications equipment under HS Codes different from that of imported telecommunication equipment.

Each telecommunication equipment imported (for instance BTS, Minilink etc.)

require certain length of connecting cables, which are essential for linking one component piece to another for proper functioning of the telecommunication equipment.

The telecommunication equipment imported in CKD condition contains different parts such as, batteries, cables, battery racks etc. without which the telecommunication equipment (BTS, Minilink etc.) cannot be commissioned and/or made fully functional. These parts which are imported with the telecommunication equipment form an integral and essential part of the same and hence should be assessed under the same HS Code as the telecommunication equipment following Explanatory Notes (4th Edition) at page XVI-2 General Explanation. BTRC through issuance of No Objection Certificate confirms goods which form a part of the telecommunication equipment. Industry refers to Rule 2 (a) of the General Rules for the Interpretation of the Harmonized System as provided in Explanatory Notes at page GIR-2. Customs assessments are in violation of the rules of World.

**EVERY 100 TAKA
THAT
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Customs Organization or Explanatory notes of the World Customs Organization.

MNOs recommend that all types of imported telecom equipment supported by NOC from BTRC should be brought under the SRO benefit with the customs duty at 5%.

The government, considering the contribution of a sector, usually comes up with incentive packages through fiscal measures such as budget. But regrettably, we didn't see such an initiative from the government, at least for the vibrant telecom sector.

Notwithstanding the phenomenal success, mobile telecom industry in Bangladesh is rapidly losing its charm, largely due to uncertainties surrounding the regulatory setting over regulations and high taxation regime. Foreign investors have been gradually withdrawing their investments due to unattractive fiscal measures.

AMORTIZATION OF TELECOM LICENSE RENEWAL/ACQUISITION FEE ON ACCELERATED BASIS

Telecom industry paid substantial amount of fees for License Renewal and Spectrum assignment. There was no clear definition for such kinds of expenditure in Income Tax Ordinance 1984 before June 2013. However, through Finance Act 2013 Amortization of License Fees has been transparently made deductible expense through inclusion of paragraph (viiiia) in sec 29 of Income Tax Ordinance 1984.

Moreover the scope and process of Amortization of License Fees has been stated in the newly included paragraph 10A in the Third Schedule of Income Tax Ordinance 1984. Mobile Telephone Operating companies namely Grameenphone, Banglalink, Robi and Citycell have paid spectrum assignment fees of their 2G licenses in the ratios of: 49% in first installment on 31 October 2011, 29% in second installment on 31 August 2012 and remaining 22% in third and final installment on 31 August 2013. In addition to spectrum assignment fee Telco industries had to pay a substantial amount for 2G License Renewal fee on 31 October 2011.

Like the Spectrum assignment fees, license renewal fees is capital expenditure in nature as per country accounting standards, practices, policies and conventions and it is not included in the

definition of License Fees stated in sub paragraph (2) of paragraph 10A in the Third Schedule of Income Tax Ordinance 1984. Hence, it does not allow the mobile telephone companies to get the tax amortization benefit on actual capital expenditure for telecom license purpose.

Since the License Fees has been accepted as capital expenditure in nature for purpose of tax amortization benefit, the effect of this should be accommodated in the Income Tax Ordinance 1984 based on the nature of expenditure not on the date of the payment made on this account. Due to the restrictive deadline of first day of July 2012 in subparagraph (2) of paragraph 10A in the Third Schedule of Income Tax Ordinance 1984, scope of license fees exclude the first installment of Spectrum Assignment fees (49%) paid on 31 October 2011. Therefore, it does not serve the ultimate objective of the principle of sec 29(viiiia) of Income Tax Ordinance 1984, since amortization of full amount of Spectrum Assignment Fees is not available under the said section.

After experiencing global financial meltdown, global Investors are critically reviewing the fiscal regime in regard to making the FDI and countries are competing with one another for investment. Fiscal incentives play a very important role in attracting foreign investment. To attract the investment in high tech communication and to encourage the FDI, full amortization benefit is required to be ensured.

The positive standpoint of NBR has been reflected through the enactment of above provision and this is required to be given a complete shape through removal of the above two limitations, which may have been caused due to lack of pertinent fact.

Income Tax Ordinance 1984, through its Third Schedule allows depreciation/amortization for full amount of capital expenses of the assets without any restriction/limitation through timeline of payment.

Necessary amendments should be brought in to remove the restrictive deadline and the License Renewal Fees should be included in the definition of License Fees.

VAT EXEMPTION ON INTERNET MODEM

In the current era, Internet Modem has become the most important vehicle for the general people

to get access to data usage at mass level. After the introduction of 3G technology by mobile operators, despite the availability of high speed data, the proliferation of the data market is hindered due to lack of data modem; the use of data has not been found at the high trend as expected. Application of VAT at all the stages of transaction of modem is mainly responsible for this which should be revisited. At present the ATV rate is 4% at import stage, VAT at supply stage is 4% and VAT at the selling stage to customer is 15% or 4% (subject to 26.67% value addition).

To achieve the vision of Digital Bangladesh, making the access to high speed data for mass people is a must. Modem is a vehicle for high speed data usage which should be made available at a cheaper rate to the customers. This will enable the rural people to have access to high speed data usage.

The exemption of VAT on data modem will make it affordable to all, thereby increasing internet use significantly. This will subsequently increase Govt. revenue in various forms (VAT on data usage revenue, income tax on total markup etc.).

Considering today's technology dependant world internet is a vital element; ensuring availability of internet has become a must for any activity for which modem needs to be more affordable.

Government has also focused on digitalization of various processes of the country which will ultimately bring simplicity to the general people. This digitalization will be faster when modem is available at a cheaper rate.

Internet modem is an unparalleled means for boosting internet use by involving mass population. Like mobile handset VAT on modem should be exempted for all stages which will expedite the implementation of vision 2021 through digitalization and reciprocally increase NBR revenue significantly from this source.

VAT EXEMPTION ON MOBILE FINANCIAL SERVICES

At present 15% VAT is applicable on charge/commission of mobile financial services. This 15% VAT is collected from the ultimate service receiver and deposited by the entrepreneur bank.

Mobile Financial Service is an invention of the modern world which will boost up the financial sector through ensuring the engagement of mass population under its umbrella. The MFS will help to bring the country's huge unbanked population under a banking network. It will help change the livelihood of rural population.

In order to make it popular and affordable to rural low income group VAT on Mobile Financial Services should be exempted which will foster the economic growth of the country. MNOs recommend that the VAT on MFS to be exempted in order to spur growth of the rural economy.

INCREASE THE LIMIT OF PERQUISITE

In accordance with section 30 (e) of the Income Tax Ordinance 1984, if any expenditure by an assessee on the provision of perquisites exceeds taka two lakh and fifty thousand, the excess amount will not be considered as allowable expenditure in the case of assessment of the employer company.

The limit of BDT 2.50 lakh fixed in Finance Act 2010 is inadequate in context of current economic scenario. Price hike of essential commodity increased more than 50% during this 4 years. House rent and medical

expenses are considered as perquisites whereas the same are treated as basic needs. Due to inflationary effect the current living cost has gone higher and the employers have to accommodate the employees' need. Any payment in cash or kind in employees' hands is taxable and again disallowance on perquisites attracts further tax which makes effect of double taxation on same income which is against the spirit of law.

House rent and medical allowance to be excluded from perquisites by changing the definition in section 2(45)(i) of Income Tax Ordinance. Allowable limit of perquisite may be increased to BDT 5 lakh considering the inflation rate during last 4 years through necessary changes in section 30(e) of Income Tax Ordinance.

**MNOs
CONTRIBUTING
3.1% OF GDP**

BANGLADESH NEEDS REVISION OF NATIONAL TELECOMMUNICATION POLICY



Bangladesh desperately needs the revision of its 17 years old age National Telecommunication Policy (NTP). In terms of nation's vision and objective, we are looking ahead of Vision 2021. In terms of technology, we are now in 4G/LTU era. But our telecommunication policy dates back to 1998.

While we can have a separate discussion how much we have achieved from the 1998 policy, the matter of fact is it is technologically irrelevant and objective-wise redundant. Just an example-In fixing the target, 1998 Policy states that "Teledensity is to be 10 telephones per 100 population within the first quarter of 21st century". It is a common knowledge that teledensity is now over 60%.

The current telecom policy was formulated in 1998, with a vision mainly to liberalize the sector and bring Bangladesh under the coverage of basic telecommunication services as well as few Value Added Services (VAS). In the policy data services are described as VAS which has now emerged as very basic services. Over the past years mobile communication have been established as the basic means of communication for many Bangladeshis. At the same time many of the VAS, as used to be considered in previous days have now been offered as basic telecom services. Experts working in the sector believe that many of the objectives of the policy have already been achieved and thus it is not possible to move forward with the policy.

When the policy was formulated in 1998 probably

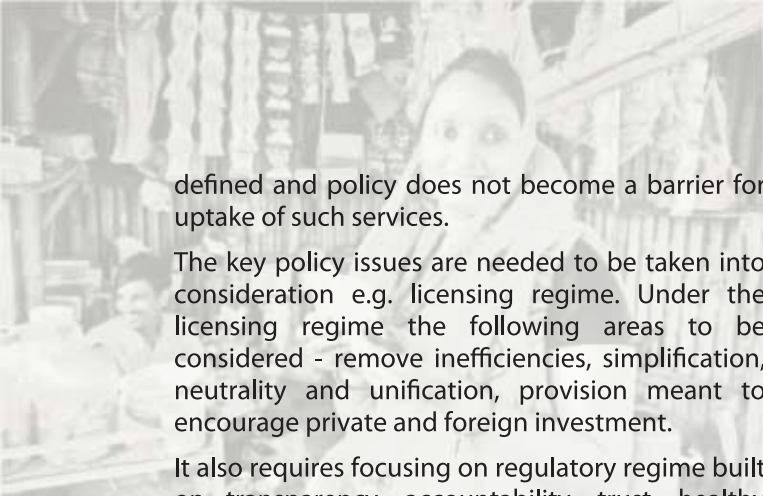
then it was appropriate but now by no means, the country could go forward with the policy as the policy focuses neither on the mobile sector nor on broadband Internet penetration. Therefore, it is urgently required to have a revision and revisit of the policy.

The objectives of the new NTP is to put Bangladesh on the right track for maximizing the benefits of next generation communication technology and build a knowledge-based middle income economy by 2021.

MNOs are highly enthusiastic to take part, facilitate, contribute and uphold the spirit of Digital Bangladesh vision.

At the outset of the new Government, this is the opportune moment to re-energize the sector with a new policy which will guide the sector. The telecom sector has an expectation that the revised NTP will incorporate provision so that broadband and data can propel the new economy as those are the next growth frontier. The revised NTP shall cover convergence of technology, network and services, technology and service neutrality, maximize utilization of the deployed assets and increase competitiveness of local businesses through adoption of the communication technology.

It is also urgently necessary for policy integration between telecom, banking, commerce, health and education, so that the interdependences are clearly



defined and policy does not become a barrier for uptake of such services.

The key policy issues are needed to be taken into consideration e.g. licensing regime. Under the licensing regime the following areas to be considered - remove inefficiencies, simplification, neutrality and unification, provision meant to encourage private and foreign investment.

It also requires focusing on regulatory regime built on transparency, accountability, trust, healthy competition, level playing field and commercial freedom. Nonetheless consumer benefit and welfare, affordability, Quality of Service (QoS), complaint handling and innovation also need to be considered.

BANGLADESH TELECOMMUNICATION REGULATORY ACT (BTRA) RULES

Rules formulation under the Telecom Act has been overdue and regulator's cooperation is necessary to initiate the process. Telecom Act is one of the very few laws in Bangladesh that does not have any Rules under the Act. The Rules will benefit Regulator, Government, consumers and operators equally by giving the much needed clarity in execution of the Law.

Formulation of the Rules would increase the certainty and predictability of the regulatory regime significantly, ultimately contributing for a better investment climate. MoPT&IT is given the right through the provisions of the Act to take on the task of Rule formulation and there can't be any other time better than now to do it. This would be a monumental achievement by the Govt. which would be appreciated for long time in the future by all parties.

SPECTRUM ROADMAP

NTP is expected to set some guiding principles regarding allocation and assignment of spectrum, but it is important to start working on Spectrum Roadmap on a national level to secure spectrum for mobile broadband.

Network CAPEX investment has direct relationship with the availability of spectrum. Without a proper spectrum release plan, which ought to be time bounded, the mobile industry runs into the risk of over investment in the network. This will ultimately increase the price of the service, reduce QoS and slow down the growth of broadband penetration in Bangladesh.

National Frequency Allocation Plan (NFAP) was revised and updated as per ITU recommendation in

2010. After the publication of the revised NFAP, it was anticipated that assignment of spectrum will follow the plan.

The spectrum roadmap proposal will give explicit direction about the specific bands that need to be reserved for the mobile industry and the spectrum release time plan with proper analysis and recommendation. Anomalies in the existing allocation and probable re-arrangements needed to free up some of the valuable spectrum would also be highlighted and suggested. Broadly the proposal will include the following: Spectrum demand forecast for the next 10 years through a proper forecasting model, recommended spectrum bands for the mobile industry and re-arrangement/re-allocation plan of the existing valuable bands.

The current telecom law was formulated in 2001 in line with the telecom policy. The law was amended

**AT THE OUTSET OF
THE NEW
GOVERNMENT,
THIS IS THE
OPPORTUNE
MOMENT TO
RE-ENERGIZE THE
SECTOR WITH A
NEW POLICY
WHICH WILL GUIDE
THE SECTOR**

in 2010, but it still holds the old vision. The current policy reads that the government would establish a telecommunication regulatory commission. But a regulator has been in operation for the last 12 years.

One of the objectives of the policy was to establish a robust private sector, as it was beginning to boom at the time, but the situation is quite different now. The country also needs a telecom roadmap to complement the NTP.

Last but not the least, the revision of International Long Distance Telecommunication Services (ILDTS) policy is also necessary to infuse competition among the interconnect operators.

In order to continue current rate of growth of the country's mobile telecommunication sector which has been working as a change maker by contributing immensely in the national exchequer, bringing foreign direct investment and creating jobs for the millions, it is urgently necessary to revise the NTP. MNOs recommend harmonizing telecommunications policy with that of education, health, ICT, broadband, broadcasting, media and electronic commerce to materialize the vision of Digital Bangladesh.



BROADBAND FOR SUSTAINABLE DEVELOPMENT: WTISD 2014

Digital development is a transformative tool to fast-track sustainable development. In order to realize its full potential it is essential to roll-out high-speed broadband networks, making it affordable and universally accessible.

The World Summit on the Information Society (WSIS) recognized the capacity of broadband to facilitate the delivery of a broader range of services and applications, promote investment and provide Internet access at affordable prices to both existing and new users. In this respect, ITU and the Broadband Commission for Digital Development are at the forefront of advocating the roll-out of broadband as a means of achieving sustainable development.

Considering these important aspects in mind, World Telecommunication and Information

Society Day (WTISD-2014) will focus on the theme: "Broadband for Sustainable Development", in accordance with Resolution 68 endorsed by ITU Council.

World Telecommunication and Information Society Day will be celebrated on 17 May in Bangladesh and elsewhere in the world to mark the anniversary of the signature of the first International Telegraph Convention in 1865, which led to the creation of the International Telecommunication Union (ITU).

Bangladesh as an ITU member state every year observe the day with due importance. This year WTISD will be celebrated in Khulna with a view to spread the message in a decentralized manner. WTISD 2012 was observed in port city Chittagong.

Bangladesh Telecommunication Regulatory Commission (BTRC) has chalked out elaborate program in observance of the day including seminar on the theme, rally and roadshow to highlight the significance of the day.

Meanwhile, ITU Secretary General Dr. Hamadoun I. Touré in a message on this occasion said ITU's thrust to push the broadband agenda for sustainable development focuses on the dual goals of supporting the deployment of mobile broadband and the continued rollout of fixed-line technologies along with a thrust on meeting the global challenges of our times, such as combating climate change. Broadband-based ICT networks are powerful cross-cutting enablers to achieve the three pillars of sustainable development – economic growth, social inclusion and environmental balance.

"I call upon our partners – governments, industry, academia and technical experts – to identify key gaps in broadband research and development, infrastructure, and packaged development of applications and services; define policy priorities for action in the areas of allocating radio frequency spectrum for broadband, universal access obligations and innovative financing mechanisms; and to seek leading edge technological solutions, particularly in the extension of broadband access into rural areas, least developed countries and small island developing states," Dr. Toure said.

"Let us put our resources together to harness the catalytic role of ICTs in achieving sustainable development. It is the key to ensuring a better future for all. I invite you to organize activities in your country to mark WTISD-2014 and I encourage you to involve all sections of society to formulate awareness and consensus on the issues underlying the theme "Broadband for Sustainable Development", The ITU Secretary General added.

The theme for WTISD-14, "Broadband for Sustainable Development", will focus attention on multi-stakeholder commitment to achieve universal access to broadband connectivity and content and foster political will on achieving this objective. Estimates suggest that mobile broadband subscription may achieve 10 billion by the end of this decade and given that over 90 per cent of international data traffic runs over fibre-optic cables, ITU's thrust to push the broadband agenda for sustainable development focuses on the dual goals of supporting the deployment of mobile broadband based on ITU's International Mobile Telecommunications (IMT) and the continued rollout of



Dr. Hamadoun I. Touré, ITU Secretary General

fixed-line technologies. International consensus achieved on ITU standards and radio spectrum related activities for mobile telephony, fibre optics and access standards such as DSL, is the key to achieving the goals of universal access.

The evolution of this work is complemented by key activities including earth monitoring through satellites and oceanographic radars, developing green standards and smart interventions to combat climate change, and m-Powering development.

Broadband infrastructure development is a critical element in ensuring that ICTs are used innovatively as delivery vehicles for health, education, governance, trade and commerce in order to achieve sustainable socio-economic growth. Education is a keystone for educating people with regard to the impact and consequences of their activities for sustainable development, thereby ensuring a better future for all.

Bangladesh government is also working relentlessly to achieve its vision for Digital Bangladesh. Nonetheless, the country has an ambition to ensure Internet for all by 2025 for which it is very crucial to follow the ITU theme "Broadband for Sustainable Development".

Barcelona | 24 - 27 February 2014



MOBILE WORLD CONGRESS 2014:

A RECORD BREAKING GLOBAL EVENT

More than 85,000 visitors from 201 countries attended the 2014 Mobile World Congress at Barcelona, Spain setting another new record for the mobile industry's event. Of the 85,000 attendees, 80,000 attendees participated at the main venue at Fira Gran Via while the rest participated in a range of partner programs at Fira Montjuïc.

The 2014 Mobile World Congress was a stunning success. Beyond the number of

attendees and participating companies, the continued expansion of the event to address key adjacent industry sectors demonstrates just how pervasive mobile is in our everyday lives and how integrated it is becoming in everything that we do. It's gratifying to be part of such a dynamic, exciting industry.

MWC sets additional records, with more than 1,800 exhibiting companies showcasing cutting-edge products and services across



MOPT & IT Minister Abdul Latif Siddique is seen in conversation with Prof. Tim Unwin, Secretary General of Commonwealth Telecommunications Organization at Mobile World Congress along with Secretary of MOPT division MD. Abubakar Siddique

98,000 net square meters of exhibition and hospitality space. More than 3,800 international media and industry analysts attended the event to report on the many significant industry announcements made at the Congress.

The four-day conference and exhibition attracted executives from the world's largest and most influential mobile operators, software companies, equipment providers, Internet companies and companies from industry sectors such as automotive, finance and healthcare, as well as government delegations from across the globe. Over 50 per cent of this year's Mobile World Congress attendees hold C-level positions, including more than 4,500 CEOs and 18 percent of attendees for the 2014 show were women.

The Mobile World Congress conference program featured Mobile World Live keynotes from Mark Zuckerberg, Founder and CEO, Facebook and Virginia Rometty, Chairman,

President and CEO, IBM. CEOs and senior executives from companies including Alcatel-Lucent, América Móvil, Bitcoin Foundation, Cisco, Citigroup, Connectings, EMC Corporation, Etisalat Group, Ford Motor Company, Isis, Jasper Wireless, Kakao Corp., KDDI, Lookout, Millicom, NTT DOCOMO, Raspberry Pi Foundation, Shazam Entertainment, Shhmooze, SingTel, SK Planet, Tele2 Group, Viacom International Media Networks and WhatsApp also participated in the keynote program.

The GSMA's Ministerial Program again saw record attendance, with government delegations from 160 countries and intergovernmental organizations meeting in Barcelona, including 74 Ministers. The Ministerial Program brings together governments, regulators and industry leaders to discuss the specific regulatory issues shaping the development of mobile around the world.



BTRC Chairman Sunil Kanti Bose taking part in a panel discussion titled "National experiences in spectrum licence renewal"

Abdul Latif Siddique, Minister for Ministry of Posts, Telecommunications & Information Technology (MoPT&IT), Secretary MOPT division MD. Abubakar Siddique, Secretary ICT Division Md. Nazrul Islam Khan, Chairman of BTRC Sunil Kanti Bose and other senior government officials participated in the 2014 MWC.

A large delegation comprising representatives from Bangladesh mobile telecom industry including some C-level officials attended the congress.

The Connected City, one of the most popular attractions at Mobile World Congress, attracted 17,000 visitors over four days. The Connected City, presented with operator partners AT&T, Deutsche Telekom, KT and Vodafone showcased mobile connected solutions for a range of services, such as education, health, retail, transport, smart cities and others. Among the many highlights from the Connected City was a team of connected basketball players from PABA (Pays d'Aix Basket Asptt) wearing the latest Citizen Sciences' smart sensing sportswear coupled with mobile broadband to monitor and optimize team performance as well as data management, as well as Oral-B's interactive electric toothbrush with Bluetooth 4.0 connectivity, which was introduced at Mobile World Congress.

The 2014 event featured an expanded NFC (Near Field Communication) Experience, offering a range of services for attendees with

NFC-enabled devices, such as venue access with the NFC Badge, catering and networking, access to event information and other downloadable material, as well as demonstrations of the latest NFC products and services, among others. Ten thousand attendees utilized the NFC Badge and nearly 51,000 NFC transactions were made across Fira Gran Via. Building on the success of the NFC Badge in 2013, customers of Bouygues Telecom, Bharti Airtel, Dialog, Etisalat, KT Corp., Orange, Tata and Telstra were able to further streamline their entry to Mobile World Congress by participating in a trial using their mobile operator credentials to confirm their identity.

The 2014 Mobile World Congress will be the world's largest tradeshow certified to have a zero carbon footprint. The GSMA is in the process of certifying Mobile World Congress as carbon neutral through the internationally



MolCT division Secretary Md. Nazrul Islam Khan is seen in a panel discussion on "National experiences in mobile identity"

recognized PAS 2060 standard. To achieve carbon neutrality, the GSMA undertook activities to reduce the carbon footprint of MWC and has purchased carbon credits to offset any remaining emissions, funding projects including a hydropower project in China, a wind energy project in India and a geothermal energy project in Kenya.

The 2015 Mobile World Congress will be held 2-5 March 2015 at Fira Gran Via. MWC has been taking place in Barcelona, Spain since 1987.



AMTOB

MEMBERS' ACTIVITIES



Airtel Bangladesh Limited and Prothom Alo have officially welcomed the Bengali new year with its traditional Alpona painting representing "Alponay Boishakh 1421" in Manik Miah Avenue



VimpelCom CEO Jo Lunder and Banglalink CEO Ziad Shatara are seen during a media interview. Bobby Leach, Group Communications Director of VimpelCom and Shihab Ahmad, CCO of Banglalink were also present. Jo Lunder, CEO of VimpelCom, the parent company of Banglalink, the 2nd largest mobile operator in Bangladesh, was on an official visit to Bangladesh from March 31 to April 1, 2014

AMTOB

MEMBERS' ACTIVITIES



New Age and Citycell recently renewed a Memorandum of Understanding for one more year on April 2, 2014 for a joint youth campaign themed 'Paper for People'. Citycell Chief Executive Officer Mr. Mehboob Chowdhury and New Age Editor Mr. Nurul Kabir signed the MoU at Citycell head office



Grameenphone covers all 64 district towns of Bangladesh with 3G network within six months of launching the service

AMTOB

MEMBERS' ACTIVITIES



Robi was recognized and awarded the Best OpCo of the year at the Axiata Senior Leadership Forum Awards 2013 held in Colombo



Teletalk brought out a procession in Khulna city on the occasion of 3G and Baul Fair

AMTOB

ASSOCIATE MEMBERS' ACTIVITIES



Ericsson Management Team at an Employee engagement program.



Senior officials of Huawei Bangladesh have taken an oath for the work transparency in Dhaka which was conducted by Mr. Baker Zhou, Chief Executive Officer, Huawei Bangladesh.



ZTE employees pose during a photo call at a team building activity.

NTMC SEMINAR



Distinguished guests posed for a photo call at a seminar titled "Difficulties in Implementing Lawful Interception (LI)" organized by NTMC



AMTOB members participated at a seminar titled "Difficulties in Implementing Lawful Interception (LI)" organized by NTMC

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