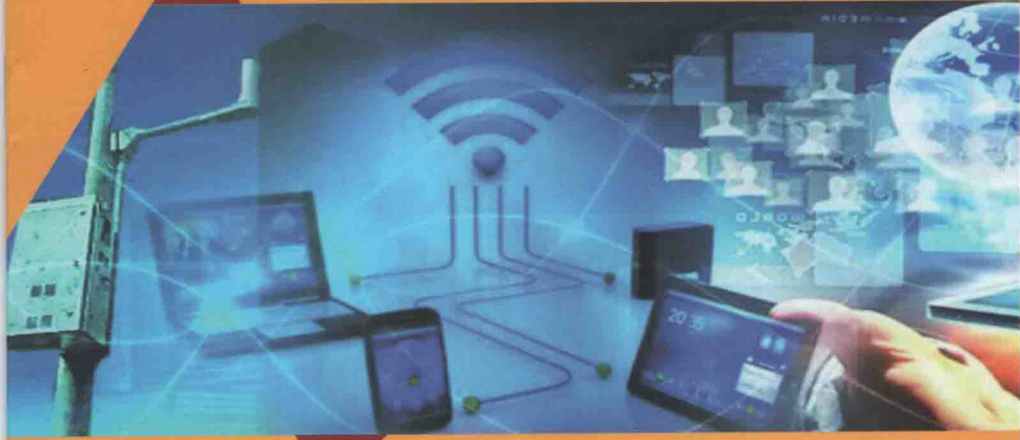




Telecommunication & Networking Sector



Bangladesh Investment
Development Authority

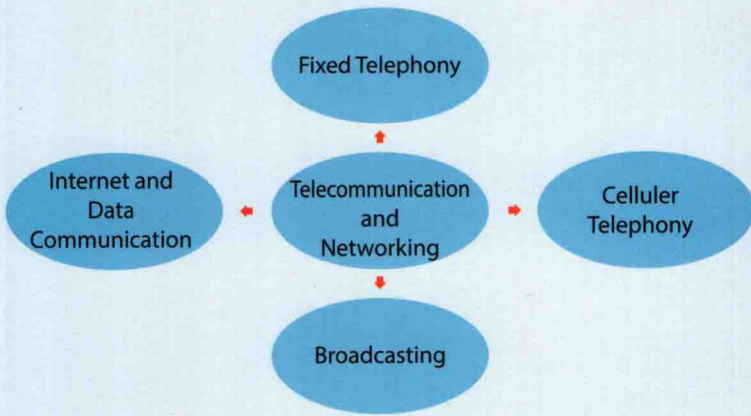
We Nurture Your Investment Dreams

Bangladesh Investment Development Authority
Prime Minister's Office
Plot E-6/B, W Agargaon, Dhaka 1205
www.bida.gov.bd

April
2021



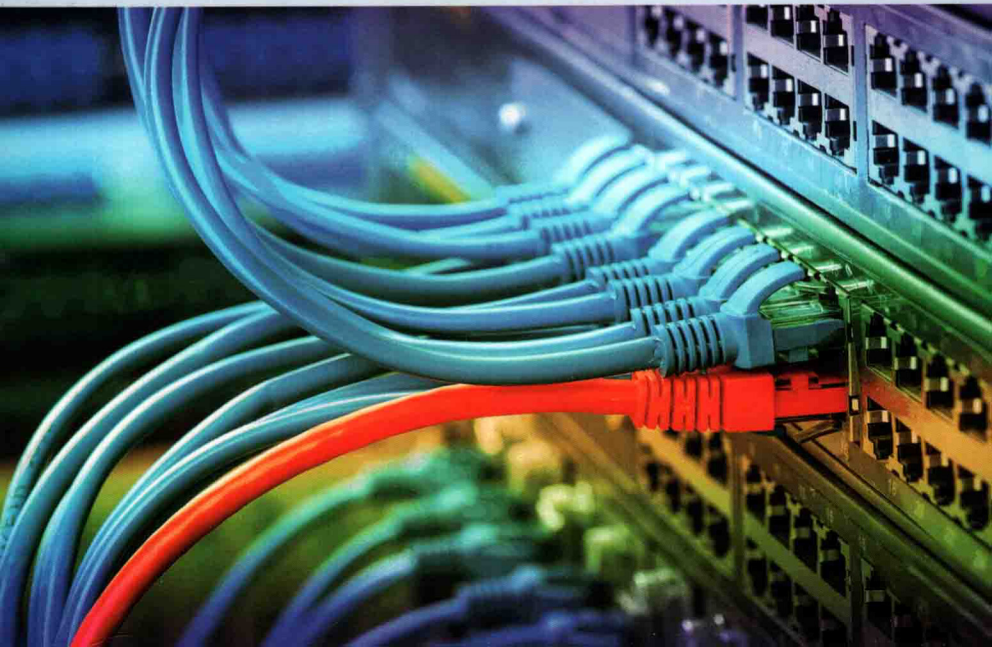
Telecom network is categorized as different ways. Most common services of telecommunication and networking are categorized are shown in figure -1A.



a) Telecom Operator



b) Network Provider



Telecommunications Trends to watch in near Future

1. Celluler5G Networks

5G brings three major upgrades to the table. It provides greater speed to move more data, decreases latency for shorter load times, and increases the ability to connect more devices at once. 5G networks will enable more detailed and efficient augmented and virtual realities, higher resolution video, fully autonomous vehicles, massive connected IoT networks (like smart cities), and more. Bangladesh Telecommunication Regulatory Commission (BTRC) is working to make a guideline on 5G which will be available soon. 5G is expected to play a key role in an emerging economy like Bangladesh, improving economic growth, enhancing citizen experiences and creating new business opportunities. 5G is not only related with Telecom services, it will also help boost digitization and automation in every sector. Impacts of 5G made it a must have tool to keep Bangladesh relevant 4th industrial revolution.

2. IoT and Smart Cities

The IoT consists of a network of connected devices, able to communicate with each other, and which can be controlled and monitored remotely. By 2021, there will be an estimated 30 billion connected IoT devices worldwide, many of which will be industrial connections, an essential component of smart cities. Smart cities take the IoT a step further by creating an interconnected network that residents can access online, often via a mobile app. The main goal of smart cities is to create a better quality of living for their citizens by streamlining urban services like energy and transportation through smart technology.

3. Diversified Ecosystems

Industrial ecosystems are a network of cross-industry organizations that work together to create a stronger, more advanced industry. The telecom industry will see a move toward creating those lucrative ecosystems. According to a recent Accenture report, ecosystems will unlock trillion of USD during the next 10 years by unlocking competitive agility. Telecom companies have the highest potential to come together and form such alliances.

Potential Entrance for Bangladesh

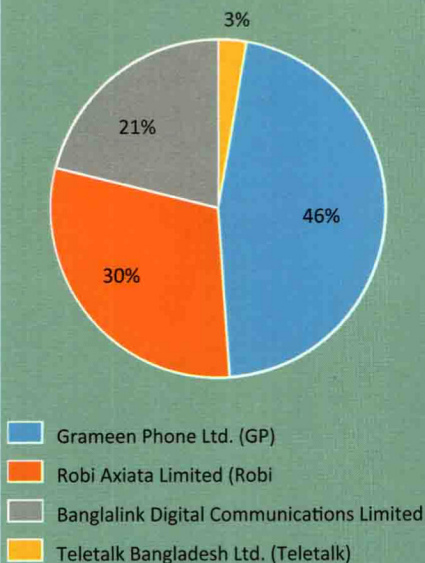
Bangladesh has good scope to attract investment in the field of digital infrastructure in broadband internet, both fixed and mobile telephone. Access to information is crucial to provide people in developing countries with higher standards of education, medical care, and financial services. Telecom value added services, fin-tech with ensuring internet safety solution (ISS), Triple play (voice, data, and video) services, diversified telecom ecosystem, access network with last mile solution are the potential entry system for Bangladesh.

Bangladesh is the 5th largest market in the Asia Pacific and 9th largest market in the world by Unique mobile phone subscribers,

GSM operators of Bangladesh

At present there are 4 GSM operators are working in Bangladesh. The total number of Mobile Phone subscribers has reached 170.137 million at the end of December 2020. The Mobile Phone subscribers are shown in pie chart.

Market Share of GSM Operators



Data Source: BRTC



Mobile Internet

The total number of Internet subscribers has reached 111.88 million at the end of December 2020.

	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Internet Users	54,120,000	66,623,000	80,483,000	91,348,000	99,428,000	111,875,000
Mobile Internet	51,453,000	62,710,000	74,736,000	85,552,000	93,681,000	102,353,000
Penetration Rate	34%	41%	49%	55%	60%	66%

Data Source: BRTC

While usage of internet is increasing at a rapid pace, with the current penetration rate at 66%, there is still room for growth for data usage as over 90% of the internet users use internet through their mobile phones.

Tower Services

According to Bangladesh Telecommunication Regulatory Commission (Significant Market Power) Regulations, 2018, the telecom service providers cannot set up any tower on the basis of roll out of tower companies. Besides, any MNO cannot rent tower to another MNO but they can sell the tower to the tower companies. In addition, no entity having relations with mobile phone or WiMAX companies can apply for the tower sharing business license. This is providing business opportunity for tower companies especially with the roll out of 5G services, the demand for tower services companies will be greater than ever.

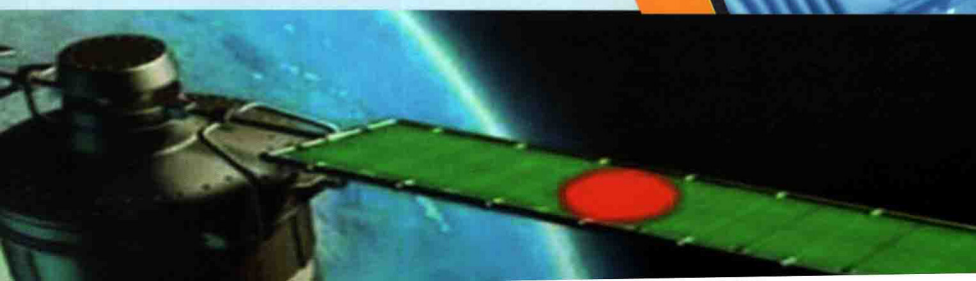
Foreign Investment in Telecom and networking sector

The 10 countries have FDI in Telecom Sector in Bangladesh include Malaysia (USD736.27m), Norway (USD187.71m), India (USD155.61m), Japan (USD47.81m), Mauritius (USD9.41m), USA (USD6.74m), HongKong (USD5.01m), UAE (USD1.19m), UK (USD0.37m) and China (USD0.25m) worth total of 1091.27 million USD. Stock Position of Foreign Direct Investment (FDI) in Telecommunication (US\$ 1019.27 million) is shown in the following Table.

FDI Stock	Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018
MUS\$	953.72	1156.23	1239.49	1117.56	1467.97	1171.16	1019.27

Internet of Things (IoT)

In recent years, new inventions in technology have brought many changes to our daily life. The latest addition to the growing excellence of technology is Internet of Things (IoT). IoT devices are used in the mobile operators' network or SRD (Short Range Device) and ISM (Industrial, Scientific & Medical) frequencies to collect data. In order to use SIM supported IoT devices at Mobile Network in the country as well as the IoT devices connected without SIM, 433.05-434.79 MHz, 866-868 MHz, 922-925 MHz, 2400-2483.5 MHz and 5725-5875 MHz frequencies have been initially identified according to the National Frequency Allocation Plan (NFAP) of Bangladesh. To offering IoT services commercially, various organizations are also applying to be enlisted as the IoT Device Importers.



Policy, Law & Acts

Bangladesh has the following law and acts related to this sector

- a) National Telecommunication Policy October 2018 is
- b) ILDTS (International Long Distance Telecom Services) Policy 2010
- c) Bangladesh Telecommunications (Amendment) Act, 2010
- d) BTTB (amendment) Act, 2009
- e) Telecommunications Act, 2001
- f) BTTB Ordinance 1979 (English)
- g) The Telegraph Act, 1885
- h) Telecom Policy, 1998
- i) National Broadband Policy, 2009
- j) Bangladesh Telecommunications act, 2001
- k) Bangladesh Telecommunications (amendment) act 2006
- l) Bangladesh Telecommunication Regulatory Commission (Significant Market Power) Regulations, 2018
- m) Regulatory and Licensing Guidelines for Issuing License for Tower Sharing in Bangladesh

Supporting Institution

In Bangladesh there are many organization relating to telecommunication and networking. Some of these are public sector while rests are in private sector.

1.1 Post and Telecommunications Division (PTD): It is the highest administrative authority of Bangladesh in Telecommunication and networking field. PTD deals different policy issues of the sector.

1.2 Bangladesh Telecommunication Regulatory Commission- It is an independent commission founded under the Bangladesh Telecommunication Act, 2001 (Act # 18 of 2001). The BTRC is responsible for regulating all matters related to telecommunications (wire, cellular, satellite and cable) of Bangladesh. After the amendment of Bangladesh Telecommunication Regulatory Act 2001, issuance of any telecom license would require prior government approval. At the same time, such approval will also be required for transferring ownership of to cancel any license.

1.3 Bangladesh Telecommunications Company Ltd (BTCL)- BTCL is a 100% government owned public limited company. It has a mandate to provide basic telecommunication services throughout the country. At present, BTCL is providing telephone service to about 0.7 million telephone subscribers down to Upzila (Sub-district) and growth centre level. BTCL has the largest telecom infrastructure comprising of copper cabling, microwave links, satellite links, optical fiber networks etc. The call rates and internet rates are cheaper than those of other operators. ADSL (Asymmetric Digital Subscriber Line) and GPON (Gigabit Passive Optical Network) Broadband internet services are available. The main services of BTCL are: International Gateway (IGW), Nation-wide optical fiber coverage, High speed internet with land line, Internet connectivity up to Upzila level and Domain service.

1.4 Bangladesh Submarine Cable Company Limited (BSCCL) – Bangladesh Submarine Cable Company Limited (BSCCL) is a Core Telecommunications service provider and International Submarine Cable Operator of Bangladesh. It is also an IIG (International Internet Gateway). The service provided by BSCCL represents the Long-haul communication between Bangladesh and the rest of the world. BSCCL is a party in both SE-ME-WE-4 and SE-ME- WE-5 Consortiums provide more capacity and redundancy in Submarine Cables for Bangladesh. Total capacity of BSCCL is 2700 Gbps and currently equipped capacity is 1500 Gbps. Further procedures are running to connect 3rd submarine cable SE-ME-We-6 by 2023. The main functions of the company are: To provide Bandwidth service for all kinds of international voice and data circuits through the submarine cable, To connect Bangladesh to the global information super highway and To strengthen the national ICT sector.

1.5 Bangladesh Cable Shilpa Limited (BCSL)– It is a government owned public limited company. It was established in 1967. The products are telephone copper cable, optical fiber cable, overhead conduction cable, HDPE silicon core duct cable testing equipment etc. Approved capital of BCSL is Tk.200,000,000.



1.6 Bangladesh Communications Satellite Company Limited (BCSCL)-

Bangladesh Communication Satellite Company Limited (BCSCL) is a state owned satellite operating company of Bangladesh. Currently the company is operating Bangabandhu Satellite-1 (BS-1), named after the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. BS-1, manufactured by Thales Alenia Space, is a modern geostationary communication satellite and located at 119.1° East longitude. It has strong Ku beams (26 Transponders) on Bangladesh, Indonesia, The Philippines, and on South-East Asian countries. It also serves planned/ INSAT C band (14 Transponders) on earlier mentioned countries and in addition, on Stan countries (Afghanistan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan & Kazakhstan). The upcoming family members of BS-1 will have global beam. High Throughput Satellite (HTS) is also in the pipeline of the planning. BCSCL provides satellite telecommunication services like DTH, VSAT, Video Distribution, Broadband, Communication Trunks etc. BCSCL has Primary Ground Station at Gazipur, Bangladesh, and Secondary Ground Station at Betbunia, Rangamati, Bangladesh.

1.7 Telephone Shilpa Sangstha Ltd (TSS) – It is a government owned public limited company. The main functions are Laptop production/ assembling, Digital meter assembling, Cell Phone production, Cell Phone battery charger, Solar panel, franking machine etc.

1.8 National Telecommunication Transmission Network (NTTN): In 2008, Government decided to formulate Nationwide Telecommunication Transmission Network (NTTN) guidelines and the decision of providing such license was made. Motto of this license is to separate the access layer from the transmission layer and to create a common backbone of optical fiber network nationwide. Fiber@Home limited, Summit Communications Limited, BTCL, PGCB and Bangladesh Railway are the licensed NTTN operators in Bangladesh.

Special Sector Specific Incentives

Bangladesh offers most attractive investment incentives across sectors and location:

Fiscal & TAX Incentives

- Cumulative Taxes of Cellular sets- Locally manufactured 1%, Locally assembled 17%, Imported 34%
- Duty Taxes- Local industries now pay 16% duty taxes on the import of raw materials, while taxes and duties for imported handsets is a cumulative 30.19%.
- Income from Information Technology Enabled Services (ITES) or Nationwide Telecommunication Transmission Network (NTTN) business is TAX exempted up to 30th June, 2024

Financial & Others Incentives

- Export Development Fund
- Equity Entrepreneurship Fund
- Fast Track Approvals
- Citizenship
- Permanent Residency
- Quick immigration
- Skilled Work Permits
- NRB Preferences
- OSS facility
- Monitoring and aftercare service

* Above may be subject to revision upon annually inserted Finance Act and individual regulation.

* Export Oriented Industries regardless of their location benefit from additional privileges and facilities.



Bangladesh Investment Development Authority

"Bangladesh - We Nurture Your Investment Dreams"



BIDA undertakes the functions of investment promotion and facilitation, and policy advocacy in accordance to the Industry Policy and provides inquiry/consultation/licensing facilitation services to the investors outside the jurisdiction of other investment authorities (BEZA, BEPZA, High-tech Park Authority). Those investors registering with BIDA for their investment projects are able to benefit from the following key incentives and privileges:

Category	Notes
Tax holiday	- Phased Corporate Income Tax (CIT) exemption for 32 designated sectors/ products (as per the Finance Act 2020), depending on location of factories - Phased CIT exemption for private IPPs (which construct powerhouse after June 2016) and full CIT / capital gain tax exemption for PPP projects - Full CIT exemption for ICT / software industry
Tax rebate	Applicable for manufacturing industries of which factories i) are located, ii) move, iii) have already operated, outside Dhaka City
Import duty exemp.	- On capital machinery / spares - VAT exemption for imported capital machinery / spares
Other Tax Exemption	- On interest payable on foreign loans - On royalty/technical license fees obtained from foreign company/expert - On personal income tax for foreign technician - One capital gain from the transfer of shares of listed public companies
Non-tax incentives	- Accelerated depreciation for newly established industries in lieu of tax holiday on their factory, machinery and plant

* The above may be subject to revision upon annually enacted Finance Act and individual regulations. Export-oriented industries regardless of their locations can benefit from additional privileges and facilities.

Bangladesh Economic Zones Authority

"BEZA is a smart way for business in Bangladesh"



BEZA develops and manages economic zones (EZs) in view of generating more spillover effects of investment for industrialization. Currently a number of EZs are being developed throughout nation to cater for investment needs of both foreign and local investors, utilizing a variety of development schemes including BEZA's own initiative, private initiative, public-private-partnership and bilateral agreement with foreign government. The investors tenanted in EZs are able to benefit from the following key incentives/ privileges:

Fiscal incentive	- Phased Corporate Income Tax (CIT) exemption for 10 years - VAT exemption for imported machinery/const. material, utility expense - Duty exemption for imported vehicle - Duty exemption for import/export of goods/ materials with bonded warehouse facility - Personal Income Tax exemption for expatriate salary - Tax exemption for dividend/royalty and technical license fees, etc. - Exemption of local government tax/ land development tax - Exemption from registration fee on land transfer/ loan document, stamp duty on loan document/lease of land and space
Non-fiscal Incentive	- A variety of privileges and facilities are available. (see the website of BEZA: http://www.beza.gov.bd/)

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* Disclaimer: BIDA shall not be liable for any incidental or consequential damages that may result from the usage of information obtained from this brochure.