

Background:

Liberalisation of Telecommunication in Bangladesh

Government of Bangladesh announced National Telecommunication Policy in 1998, which emphasized liberalisation of telecommunication sector in the country and paved the way for private participation. In 2001, Bangladesh Telecommunication Act was enacted and Bangladesh Telecommunication Regulatory Commission (BTRC) was established in 2002, which is the sole authority to issue license in the telecommunication sector.

Infrastructure Investment Facilitation Center (IIFC) was engaged by BTRC to provide assistance in franchising 'Public Switched Telephone Network' (PSTN) licensing to private sector in Bangladesh in different zones.

The Licensing Framework

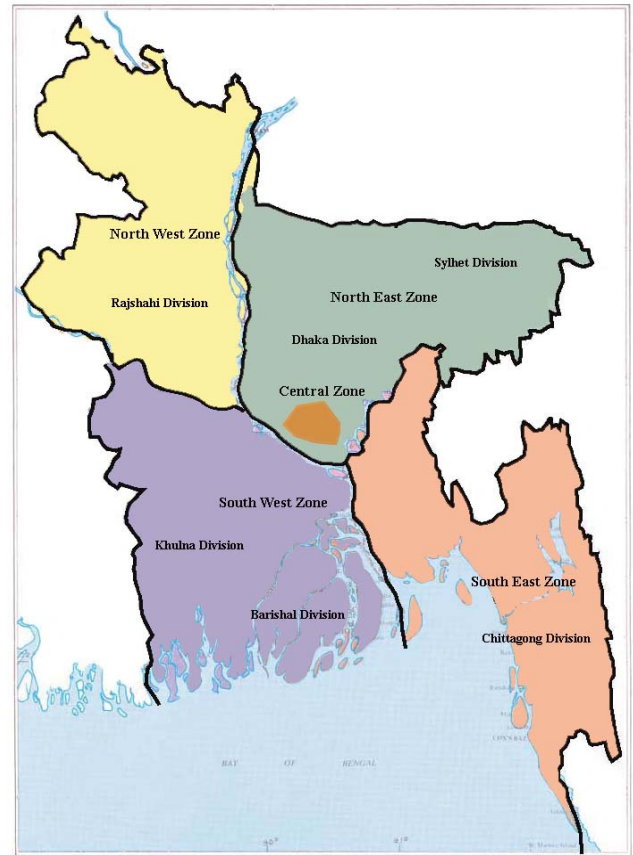
The country has been divided into five PSTN licensing zones:

North-East Zone (N-E)	Dhaka (excluding Central Zone) and Sylhet Division
North-West Zone (N-W)	Rajshahi Division
South-East Zone (S-E)	Chittagong Division
South-West Zone (S-W)	Khulna and Barisal Division
Central Zone	Dhaka City, Zinzira, Savar, Narayanganj and Gazipur District Headquarters, Tongi

Licensing criteria were prefixed and notice was published in 2004 inviting applications for licenses. BTRC issued licenses to private sector in different zones (except the Central Zone) on first-come-first-served basis, based on published qualification criteria.

The licenses cover PSTN services within the zones. NWD and ISD calls may be routed through the network of Bangladesh Telegraph and Telephone Board (BTTB), the existing state owned operator.

Fixed Telephony Licensing Zones



IIFC: In the Key Role

IIFC played the key role in opening up the fixed telephony in Bangladesh by providing professional assistance to the regulatory commission. It involved a long process of comprehensive research and consultation with stakeholders and decision makers.

The following tasks were carried out by IIFC:

- made a detailed PSTN market study
- arranged a consultative workshop on 9th August 2003 with all stakeholders
- designed the regulatory and licensing framework including interconnection guidelines for PSTN operators
- prepared licensing criteria and conditions.

IIFC's efforts continued for two and half years and resulted in opening up the fixed telephony for private sector. Eighteen companies have been issued license by BTRC and eight of them have already started commercial operations.

Major Participants at the Workshop

- Mr. Syed Marghub Murshed, Chairman, BTRC
- Mr. Badiur Rahman, Secretary, Ministry of Planning
- Mr. Nazrul Islam, Executive Director & CEO, IIFC
- Mr. S M Badrul Hoque, Chairman, BTTB
- Mr. S D Khan, Senior Consultant, CBIC
- Mr. Syed Nizamuddin, Senior Economist, World Bank

Organizations:

- Ministry of Planning
- Ministry of Science, Information and Communication Technology
- Ministry of Finance
- Potential PSTN Investors
- Cellular Phone Operators
- Foreign Investors Chamber of Commerce and Industry
- Bangladesh Association of Software and Information Services
- Consumer Association of Bangladesh



Workshop organized by BTRC and IIFC on PSTN Licensing in the Private Sector, held on 9th August 2003 at Ball Room, Hotel Sheraton



Signing of agreement between BTRC and IIFC in July 2002, the milestone that eventually led to the release of fixed telephony to private sector

Impact of IIFC Services on the Industry

- ❑ More than Tk 1,000 crores direct investment by the new licensees
- ❑ Monopoly of Bangladesh Telegraph and Telephone Board (BTTB) in fixed telephony ended
- ❑ Increased teledensity through new subscribers in fixed telephony (already 50,000 new subscribers added by Ranks Telecom and One Tel Communication)
- ❑ Improved PSTN service at a low-cost by the new licensees
- ❑ Pressure on BTTB to lower rates
- ❑ Demand for backbone infrastructure (telecom transmission network) increased
- ❑ Scope of value added services to the customers enhanced.

Improved Services by the New Licensees

Most operators are offering value-added services, along with the basic services, like:

- Call Barring
- Emergency Services
- Call Waiting
- Directory Service
- FAX Service
- Voice Mail Service
- SMS
- High Speed Data Transfer
- Call Conferencing and Diverting
- Virtual Private Network Service
- Prepaid Service
- Number Portability etc.

Some operators provide emergency services without any extra charge. The tariff policy varies from operator to operator. But most of them are providing pre-paid and post-paid services. They are also providing a new service for the Public Call Office (PCO) service providers.

PSTN Operators with Area Coverage

At present, the following operators have licenses for providing PSTN services in different zones:

Operator	Licensed Zone	Licensed Area Coverage
Ranks Telecom*	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Dhaka Telephone Company*	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
National Telecom*	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Tele Barta (Jubok Phone) *	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Jalalabad Telecom*	N-E	Dhaka (excluding Central Zone), Sylhet
Westec (Bay Phone) *	S-E	Chittagong
S. A. Telecom System *	S-E	Chittagong
One Tel Communication*	N-W	Rajshahi
Bangladesh Telegraph and Telephone Board (BTTB) **	N-E, N-W, S-E, S-W, Central Zone	Nationwide
Bashundhara Communication and Networks	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Bangla Phone	N-E	Dhaka (excluding Central Zone), Sylhet
Dominox Technologies	S-E	Chittagong
GEP Telecom	N-E, S-E	Dhaka (excluding Central Zone), Chittagong and Sylhet
Square Informatix	N-E, N-W, S-E, S-W	Dhaka (excluding Central Zone), Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Peoples Telecommunication and Information Service	N-E, N-W, S-E, S-W	Dhaka, Chittagong, Khulna, Barisal, Rajshahi, Sylhet
Nextel Telecom	S-E	Chittagong
Integrated Services	S-E	Chittagong
WorldTel	Central Zone	Dhaka City, Zinzira, Savar, Narayanganj and Gazipur District Headquarters, Tongi

* Started offering commercial services

** Existing state-owned telecom operator