# Internet Revolution in Bangladesh

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## *Abstract*

*The Internet is a social and economic foundation, apparently destined for human communication and interaction. It is supposed to allow for more interactive and innovative ways for people to do what they do in 'real life'. There is no shilly-shallying to say that at present, Internet has become a commanding and useful tool for empowerment and income making in developing countries. It is very difficult to say that at present internet has turned into a popular and useful thing among the Bangladeshi people like students, doctors, engineers, businessmen, researchers as well as politician who are being logged into the internet for getting information what they want. Though the Internet was invented in 1970 but it came late in Bangladesh through UUCPs (Unix-to-Unix copy) email connectivity in 1993 and IP connectivity in 1996. Having launched Internet, on June 1996 National polls result were broadcast through the using of World Wide Web (WWW) that was the first ever practice trial in Bangladesh.*

*On June 1996, the government has approved to allow VSAT (Very Small Aperture Terminal) in the country's private sector to operate as Internet Service Provider (ISPs). At the end of year, there were only two ISPs in the country and number of users near about one thousand only. But next year in 1997, the total number of ISPs was more than a dozen and the clientele growth was ten times higher than that of the previous year. From then, the number of Internet users and ISPs are increasing significantly in Bangladesh. About 40 ISP are providing internet service among as many as 3, 20,000 users at present out of almost 130 license holder ISP provider but among the ISPs, most of the ISPs are placed in Dhaka and few are working in Comilla, Sylhet, Rajshahi, Chittagong and Khulna. It should be mention that currently, broadband internet (Radio, Cable) connection is working side by side dial -up connection where broadband accounts 10,000. This paper will have a comprehensive discussion on the current situations of Internet and some of the contemporary issues in the matter concerned.*

## Introduction

The Internet is a social and economic foundation, apparently wished for human communication and interaction. This empowers people and enhances democratic values. It also facilitates sustainable economic development, governance, e-commerce, banking, public utility services and a variety of on-line ICT enabled services. It is supposed to allow for more interactive and innovative ways for people to do what they do in 'real life'. There is no hesitating to say that at present, Internet has become a powerful and useful tool for empowerment and income making in developing countries. Now, information technologies have generated profound changes in human society. These are quite different from social transformation caused by earlier scientific advances.

It is very hard to say that at present internet has turned into a popular and useful thing among the Bangladeshi people like students, doctors, engineers, businessmen, researchers as well as politicians who are being logged into the Internet for getting information what they want. This paper will have a comprehensive discussion on the current situations of Internet in Bangladesh and some of the contemporary issues in the matter concerned.

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## Internet Access History

The Internet was invented in 1970 but it came late in Bangladesh through UUCPs (Unix-to-Unix copy) email connectivity in 1993 and IP connectivity in 1996. Having launched Internet, on June 1996 National polls result were broadcast via World Wide Web (WWW). It is necessary to mention that was the first ever practice trial in Bangladesh. After that government intended to boost-up the private Internet sector and took some initiatives.

For instance, on June 1996, the government allowed VSAT (Very Small Aperture Terminal) in the country's private sector to operate as Internet Service Provider (ISPs). At the end of year, there were only two ISPs in the country and number of users near about one thousand only. But next year in 1997, the total number of ISPs was more than a dozen and the clientele growth was ten times higher than that of the previous year.

## Current Situation

Internet in Bangladesh has grown rapidly in the last few years. However, it is still much below desired levels. The number of Internet users and ISPs are increasing significantly in Bangladesh. About 40-50 ISP are providing internet service among as many as 3, 20,000 users at present out of almost 130 license holder ISP provider but among the ISPs, most of the ISPs are placed in Dhaka and few are working in Comilla, Sylhet, Rajshahi, Chittagong and Khulna. Reported that capacity much below the desired level for an efficient data transmission network. Currently, broadband Internet (Radio, Cable) connection is working side-by-side dial-up connection where broadband accounts 10,000.



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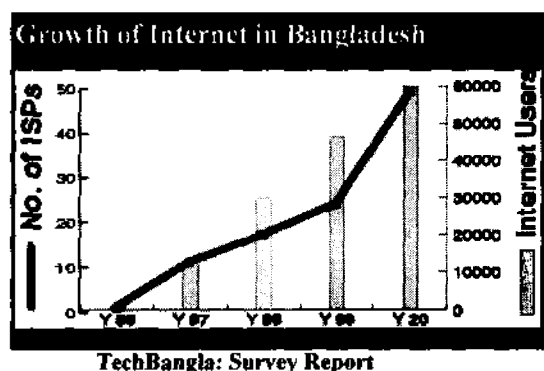
On account of competition among the ISP service providers and after deregulation of VSAT by Bangladesh Telephone and Telegraph Board (BAAT) prices have come down almost 60% on an average and are still coming down. Now, during peak hours (8:00am to 6:00pm), average per

minute charge is about Taka 1.30 (US $ 0.022). During off-peak hours (10:00pm to 8:00am), most ISPs charge around Taka 0.40 per minute (US $ 0.0068). BTTB rate is Taka 0.50 per minute (US $ 0.0086). As of now there are only three ISPs offering a flat rate package: an annual flat rate of around Taka 24,000 (US$ 437) and a monthly flat rate of Tk 2,000. On account of price constraints and the infrastructure problems use of Internet is very low with compare to other countries in South Asia. Following chart presents the comparative situation of Internet use.

| Country | Internet User/1000 inhabitant | PC User/ 100 inhabitant | Ratio-Int. Users/PC |
|---------|-------------------------------|-------------------------|---------------------|
| Bangladesh | 1.53 | 3.4 | 0.45 |
| Bhutan | 14.48 | 14.5 | 1.00 |
| India | 15.91 | 5.8 | 2.75 |
| Maldives | 53.76 | 35.8 | 1.50 |
| Myanmar | 0.21 | 1.1 | 0.19 |
| Nepal | 2.64 | 3.5 | 0.75 |
| Pakistan | 3.45 | 4.1 | 0.84 |
| Srilanka | 10.56 | 13.2 | 0.80 |
| Average | 12.82 | 10.2 | 1.04 |

Source: The Bangladesh Observer, 24 January 2004

The price of ICT hardware has been falling dramatically during last two years. This trend helps in rapid expansion of Internet use in businesses and also at household level. A huge distributor network has been developed for all major manufacturers. Majority of the software companies [83.33 %] have been incorporated in between 1999 and 2000. Several software houses have developed very user-friendly software with Bangla interface.

## Elements of Internet Business

From the ancient age, business world adopts new strategies and ways of doing business. For promotional point of view business unit uses the media. With the advent of radio and television came the first mass-market advertising. But, at this moment, the Internet has so radically changed business that the rules for corporate business strategy used for the last 50 years (since the dawn of television) have begun to crumble. In Bangladesh, Internet has also opened up a new horizon for trade and commerce, which is called e-Commerce.

There are following three elements of e-Commerce business which are –

*1. B2C E-commerce*

The business to consumer (B2C) category largely liken to electronic retailing. A consumer can easily buy product at his sweet will wherever he lives any geographical area of the world, but must have a computer with an Internet connection. This category has expanded significantly with the advent of the World Wide Web. Nowadays, there are different types of Internet based e-commerce web-site that are offering all types of consumer goods, from cakes and wine to computers and motorcars. Customers in a retail store pay by cash or check or credit or debit cards, but online customers cannot pay by cash or check, only international credit card accounts number.

A lot of hype regarding B2C electronic commerce is noticed in Bangladesh. Many intuitive domain names relating to Bangladeshi institutions and businesses have been registered in the past. A handful of B2C e-commerce sites have developed locally with payment in person or postal mail. Some online payment based sites are available targeting the non-resident Bangladeshi. A number of B2C e-commerce sites have been hosted by the Bangladeshi non-residents abroad. Other than sites targeted for Bangladeshi Diaspora local B2C e-commerce business is not making noticeable profit due to poor response from the consumers. The early entrants in the local market are trying to raise the demand for the products and services offered online.

## 2. B2B E-commerce

The business-to-business category would be a company that uses a network for ordering from its suppliers, receiving invoices and making payments. This category of electronic commerce has been running for several years in many countries of the world mainly using Electronic Data Interchange (EDI) over private or value-added networks. The B2B is only running in the export sector of Bangladesh, especially in the Garments Sector.

Although B2B e-commerce captures globally over 80 percent of trade and services over the net, Bangladesh businesses are still positioning themselves for B2B transactions. The first B2B portal e-Vastra.com is going to operate in Bangladesh. Reported that the lack of awareness exists among the businesses about the benefits and technology of B2B e-commerce. The investment is still scanty in developing B2B e-commerce development.

## 3. Business to Government (E-Governance)

The business to government category covers all transactions between companies/citizens and government organizations. For example, the government of Bangladesh has introduced a new

system of collecting government money by filling a form through the online. In this backdrop, each organizations and individual will have to fill up that form and also pay money by credit card account number. In Bangladesh, there is no online e-government system.

A few governmental web sites exist. They are usually static and are rarely updated. Some limited interaction with the government is possible by telephone or fax. No electronic communication with the government is possible at this moment. Among the government institutions National Board of Revenue is the most progressive organizations in respect to Internet penetration. Through linking up customs houses through an online networking system. Chittagong and Dhaka Customs houses, Kamalapur Inland Container Depot (ICD) and Mongla and Benapol ports will initially be hooked onto the network by February 2002. This initiative was taken-up to reduce paper works and unnecessary harassment of traders. Necessary amendments would also be made to the rules and regulations of the Customs Act.

### *Online Learning*

The Internet has simultaneously captured the imagination and interest of the world's educators. What drives this interest? Increasing demand for education, training and skills upgrading, a shift from labor incentives to knowledge incentive global economy, and the need for workers to earn while they learn. Online learning is the new generation in the evolutionary growth of open, flexible and distance learning. Online learning is defined as an Internet or internet-based teaching and learning system designed for web-based delivery, without face-to-face contact between teacher and learners. This definition covers other descriptions, such as e-learning, virtual learning or web-based learning.

The Internet, the backbone of online learning, is an interlined network of network that allows computers worldwide to connect to it, and to communicate of exchange data with each other. Online learning is the latest version of the open learning. But, Bangladesh Open University, the only Open University in the country, do not offer online learning due to lack of Internet infrastructure facility. In this way, private universities are bit ahead because they widely use Internet with compare to the public universities. For instance, Southeast University, the only private university, which offers its interactive MBA program using Internet. It's a good beginning of the on-line learning in the country.

*E-Banking*

Most of the banks use the computerized system mainly in the corporate branches. But they do not yet offer online or e-service. Only private and overseas banks have the substantial use of Internet. Some of the private banks have online banking system. Standard Chartered Bank first launched Internet banking. A seven banks consortium offers now e-banking. As the banks augmented the Internet very widely, therefore, there is a high potential for Internet business in Bangladesh.

# Potential Internet Business

Internet has opened up a new potential business like Business Process Outsourcing (BPO). It can be dramatically change Bangladesh's economic landscape. Most of the developing countries have been earning huge currency by business process outsourcing (BPO) through the fastest and cheapest Internet service. India has been doing well in BPO business through speedy and low-priced Internet service. Bangladesh is lagging behind due to poor Internet service. Currently, Indian BPO firms earn annual revenues of $2.4 billion (Rs. 11,300 crore) and employee nearly 0.2 million people according to consultancy firm Gartner. On the other hand, 10th November 2003, the Bangladeshi government approved Voice Over Internet Protocol (VOIP) in the country's private sector for the first time. It is expected to bring down the telecom expenses of international calls - and helps to establish the call center business, at that. It can be also help to strong Bangladesh economic condition.

# Problems in Bangladesh

For the moment, the Internet facility of the country is hobbled by poor telecommunication infrastructure, high rate of internet connection, lack of computing and networking equipment, few human resources, lack of government decision, language barrier and limited online internet facility in Dhaka, Chittagong, Sylhet, Rajshahi, and Khulna city, but government has taken some steps to solve these problems soon and government has released a tender for online internet to expend in all of the 64 districts so that rural people can get internet access easily.

To have a well-off and progressive business tomorrow, Bangladesh always needs keep in touch with modern technology even though, being a poor and densely populated country of the world. The government needs to take emergency steps to the growth of Internet facility.

These steps are:

- Easy to get telephone connection
- Price reduction for VSAT import
- Introducing International Credit Card
- Providing computer training for rural area at a minimum cost
- Establish modern IT institute
- Training for IT based English language

# Wrapping up

Above discussion identified strengths and weakness in critical areas of readiness of Internet use in Bangladesh. The weakness in some critical areas will promote initiatives by business and government to catch up threshold levels. Existence of market, niche of scopes is very important to identify in the competitive networked economy. Internet is a totally new unexplored creative area for people. It can be used as a marketing tool, as a communications tool, as a learning tool. If Bangladesh like to face the challenges of 21st century and to build Bangladeshi IT industry, it will have to build a strong Internet infrastructure through establishing better IT educational institute and job opportunities in rural area.

Bangladesh government is willing of connecting with Submarine Cable in the next year. After having connected with submarine cable Bangladesh will, undoubtedly, enter into a new horizon to establish Internet business such as e-Commerce, that would have greater impact on built up Bangladesh economy and social structure - which is the core expectation of Bangladesh. For increasing the number of computer literates in the country the government has started implementing a programme to provide all secondary schools with computer lab in phases. It reveals that Bangladesh has adopted information and communications technology (ICT) as a key instrument for accelerating growth and poverty alleviation. Not only this, as a developing country with resource constraints, Bangladesh has decided to give high priority to the millennium goals and the concept of Information Society. In addition, it has initiated e-governance and e-commerce and are about to enact the IT law and amend existing IPR law. Government focused on liberation of telecommunications regulation and abolishing taxes on computer accessories. A new telecom policy is under process of enactment. The deregulation of acquisition and use of VSAT has played a very positive role in bringing private sector for rapid expansion of ISP services. Liberalization of telecommunication sector is underway. WorldTel is coming in as a competitor to public phone operator.

Waiver of all taxes and duties from import of computer hardware and software also has played its role in Internet penetration in the society and businesses. Export over Internet or other electronic media has been recognized under sales contract or agreement without any need for (Letter of Credits) LCs. Simplified tax free export earning remittance procedures with 40% retention in foreign currency is a very positive approach by Bangladesh Bank which should be exercised by the software companies. 100% remittance of profit and capital gains for foreign investors without any approval is yet to bring the desired outcome.

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