

**IT SECTOR IN BANGLADESH  
AND  
GROWTH OPPORTUNITY IN INTERNATIONAL MARKET**

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<p>IT SECTOR IN BANGLADESH AND GROWTH OPPORTUNITY IN INTERNATIONAL MARKET .</p>
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Dear Sir

It gives us immense pleasure in presently here with the assignment, which was assigned to us a student of International Business Course (ITB 301). In preparing this assignment we had the unique opportunity to expose ourselves.

We tried our best to follow your instruction, schedule, format and suggestion in every step of writing.

We will be pleased to answer any question and query you them necessary as now and future needed.

Sincerely yours,

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## **EXECUTIVE SUMMARY**

Information Technology, which has evolved from the merger of computers, telecommunications and office automation technologies, is one of the most rapidly growing industries in the world.

Software industry is one of the essential components of IT industry with global market of US \$ 356 billion in 2005. It is still largely dependent on human resources and some of the developing countries are taking advantage of this opportunity. India is one of the most successful countries in developing its software industry.

The present size of software industry in Bangladesh is very small. Only a few firms are involved in export of software and data entry services, and the total volume of revenue generated is negligible. The major problems that are impeding the growth of software industry and has made recommendations for their solution

## **Introduction Part**

This report is made on the “**IT Sector in Bangladesh and Growth Opportunity in International Market**”.

### **Origin**

According to our honorable course instructor Mr. M. Shariful Islam, we have selected “IT Sector” as our topic. And we have focused working on “**IT Sector in Bangladesh and Growth Opportunity in International Market**”.

### **Objective**

Writing a formal report properly and gather information on particular area of IT sector and it's growth opportunity in international market.

### **Scope**

Vast things can be represented on IT sector of Bangladesh. But we have focused on primary causes and some statistical data.

### **Methodology**

To prepare the report, online facility has been used. Different web sites have been visited. For making the final report Microsoft Word has been used.

### **Limitations**

Lack of data in some particular areas  
Lack of computer laboratory facility  
Lack of proper date for reference

## **IT Sector**

Information Technology is the combination of all activities relating to collecting, processing, storing, using and transmitting data and information through the use of computers and communication networks.

The computer services are of the following major types:

- Systems software
- Application software
- Data communication
- Data processing
- Multimedia products

## **History**

Bangladesh has a relatively long experience in the use of computers - the first "second generation" computer was installed in 1964 at Dhaka and very soon some of the large banks and industrial concerns started using computers, mainly for accounting and payroll applications

In June, 1996 the government decided to allow private companies to act as Internet Services Providers (ISPs) using VSATs.

BUET was the first institution to offer post-graduate degrees (M.Sc. and Ph.D.) in Computer Science and Engineering. Some other institutions have also initiated research programmes in IT related fields. "Main Frame" installations closed down. In 1979, IBM 370 computer has introduced at BUET.

BTTB has already established a network for providing Internet connectivity and plans to start commercial service very soon. The proposed tariff rate should make Internet connection affordable to a larger cross-section of public. BTTB is also establishing a fibre optic backbone in the country. They also plan to offer ISDN service very soon using the facilities of the already installed digital exchanges in Dhaka and Chittagong cities.

### **Bangladesh's Strengths**

- A substantial number of educated unemployed youth force, with ability to read and write English, exists in the country. They can be trained in the required skill (particularly in Data Processing Services) within a short time.
- Quite a few Bangladeshi skilled professionals have been working abroad. They can be encouraged to return to the country and/or collaborate with Bangladeshi entrepreneurs, provided proper environment is created.
- Universities in Bangladesh are turning out an increasing number of graduates in Computer related subjects every year, although the number is much less than the requirement.
- A large number of Bangladeshi students are studying overseas in Computer related subjects.
- A wide range of Hardware platforms, from Mainframe to PC, are available.



## **Bangladesh Software Industry & its Growth Path**

In a developing nation like Bangladesh having an economy which is very much dependent on primary agriculture and a full fledged manufacturing boom still eluding, the high-end knowledge industry- such as software sector, cannot be generally expected to have lot of built-in driving forces to grow within. Demand side problems like low demand of software in the domestic market and supply side problems like lack of qualified programmers and institutional support are major factors have been keeping the growth path of the industry relatively flat.

### **Domestic Software Market**

The market size of software and IT enabled service industry within the country is estimated to be more than Tk. 300 crore/ year. With hardware (PC, Server, Network equipment) and Internet & other network services, the total ICT industry size would be roughly Tk 1,000 crore/year.

Of the total industry, the size of software segment (mainly comprising customized and packaged software- not including different types of IT enabled services like multimedia, animation, digitization etc.) is estimated to be around Tk. 150 crore/year.

The lion share of the packaged/licensed (off-the-shelf) software market segment is catered by the international software giants (Microsoft, Oracle, Sun etc.). Local software companies mainly cater to the customized software development and maintenance segment of the market- though some international software vendors have significant market presence in this segment (particularly in banking sector, MNCs, telecom companies and some large donor funded government projects).

There are more than 300 registered software companies in the country -employing around 4,000 technical professionals.

As a part of information collection for “ **Bangladesh Software & ITES Directory 2005**” , BASIS has done a business focus survey across all the participating companies (more than 150

software companies including both BASIS member and non member companies) to identify the nature of products/services and client types of the local software industry.

The following table (Table 1) shows the business application nature of software services/products of the surveyed software companies.

Table 1: Products/Service Range of Local Software Companies

<b>Products/Services Category</b>	<b>% of companies offering services in the particular category</b>
Accounting & Financial Management	<b>69%</b>
Inventory Management	<b>59%</b>
HR Software	<b>58%</b>
Web Site/ Web Application Development	<b>57%</b>
ERP ( Enterprise Resource Planning)	<b>48%</b>
Software Implementation & Integration	<b>46%</b>
Billing	<b>43%</b>
Asset Management	<b>38%</b>
POS (Point of Sales)	<b>37%</b>
E-Commerce	<b>36%</b>
Data Entry/Data Conversion	<b>34%</b>
CRM (Customer Relationship Management)	<b>32%</b>
E-Governance Application	<b>29%</b>
SCM (Supply Chain Management)	<b>27%</b>
Data Warehousing	<b>23%</b>
Access Control	<b>22%</b>
Mobile/Wireless Application Development	<b>18%</b>
E-Learning	<b>17%</b>
Data Security	<b>14%</b>
Gaming Software	<b>6%</b>

The gathered statistics shows very clearly that the demand for software services for the back-office automation (like Accounting/Finance, HR, Inventory, Billing) is working as the main driving force for the software industry. This is not uncommon for the early development stage of the software industry in any country. However, what is encouraging is that a lot of companies have been involved in development high value customized applications like of ERP, CRM, SCM etc. This underlines the gradual maturing process of the software development companies as well as the client requirements.

The high demand for front-end business applications (web applications, e-governance application, e-commerce, POS) demonstrates the high co-relation of increasing Internet access and use of software application in the country.

The following graph shows the business focus of the software companies by client industry segments. It is not surprising that two dominant sectors in the economy- *garments/textile* and *pharmaceutical* , that represents a significant portion of investment and employment in the formal sector of national economy, are the biggest buyers of software services. What is interesting, however, is the fact that service sector enterprises are becoming more interested for their process automation. Among them, the financial sector is the leading buyer (almost all of the banks have gone or in the process of implementing online banking). A number of software companies are also developing specialized software (billing, SMS based application etc.) for telecommunication companies.

One of the most encouraging facts from the *Client Industry Focus Graph* is - a lot of software companies (57% of the surveyed companies) have been building up their capability for Government sector IT projects. Given the fact that the government sector is potentially the biggest client for the software industry, this represents a good sign for the industry with regard to the long-term domestic industry capability to successfully meet the government sector IT requirements. For example, the national IT policy stipulates minimum allocation of 2% of ADP (Annual Development Program) in IT spending (this amounts to more than Tk. 400 crore per year), a large portion of which is supposed to be utilized for software and IT service procurement. Though at present the actual allocation is far less from the stipulated 2% amount, the high level of strategic importance of IT sector in national development has been inducing

different Government Ministries & Agencies to automate their processes. Already there have been some signs of increased govt. procurements in recent times, particularly for some e-Governance projects. Support to ICT Task Force (SICT), Ministry of Planning (SICT), which is the implementing agency of action plans of National IT Task Force (headed by the Prime Minister), has spearheaded a number of e-Governance projects in different ministries (with an approved allocation of more than Tk. 60 crore, SICT has so far floated 17 e-Governance projects out of which 8 projects have been already awarded to same number of companies).

### Export Front

At present, more than fifty (50) software and IT service companies have been exporting their services to 30 countries in the world including USA , Canada , European countries, Middle East , Japan , Australia , South Africa and some of the South East Asian countries.

**Table 2: Growth of Software Export During Last Four (4) years**

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
					(till February, 2005 first eight months)
Export in US\$	2.24	2.8	4.2	7.2	7.38
(in Million)					
<b>Yearly Growth</b>		25%	51%	71%	77%
					(over same period last year)

Source: Bangladesh Bank

Software and IT service export, though started from a very low base, has been growing at a very good pace during the recent years. The export stands at 7.2 million US dollar in FY 2003/4, a growth rate of more than 70% over the previous year. In the first six months (July-Dec, 2004) of current fiscal year (FY 04/05), the growth rate has been more than 120%.

In the coming years, there is every possibility that such high growth rate will prevail. In recent months, there have been a number of joint venture contracts between some Danish companies and Bangladeshi software firms for exporting software and IT services in European market. These joint ventures are supported by PSD (Private Sector Development) program of DANIDA. A few big software companies are also in the process of opening up much required marketing offices in USA . The local companies that are aiming exports are also focusing on process/quality improvements in line with international requirements (some companies are in the process of attaining CMM certificates). These initiatives are expected to yield positive results in next few years.

### Technical Skill Matrix of the Industry

Recently BASIS has conducted a special survey on the technical skill sets of the software companies in the country. 55 software companies (employing more than 1,100 technical staffs) participated at the survey and the following information has been found. It shows that the percentage of technical professionals skilled in the particular technical area.

Table 3: Skill Matrix of Local Software Industry

( % of total\* technical staffs of the surveyed software firms skilled in particular area)

Programming Language		Database	
Basic / VB	50%	MS SQL	40%
C/C++/VC	28%	MS	
C#	16%	Acces/Foxpro	39%
Java	24%	Oracle	27%
.Net	22%	PHP	18%
HTML	34%		
ASP	21%		
PHP	18%	Operating Systems	
Javabeen	18%		
JSP	16%	MS NT/2000	58%

CGI Perl	5%	Unix/	
Cold Fusion	4%	Linux/Solaris	17%

#### Other Technical Skills

XML	21%
UML	17%
Lotus Notes	4%

*\*Total Surveyed staffs: 1,100 of 55 software companies*

The dominance of *Microsoft* platforms and application development skills based on this platform is very prominent from the information presented in the above tables. However, the trend also shows that there are plenty of human resources available in the software firms who are capable of working in *open source technologies*.

### Workforce Dynamics of the Industry

It is estimated that more than 4,000 technical professionals are employed in the 300 registered software firms in the country.

a significant portion of technical staffs in the surveyed firms are involved in the *non-code activities* (e.g. project management, system analysis, system architecture, Quality Assurance etc.) which are very much important components of project life cycle for any software project. This underlines the commitment and seriousness of the local software firms in the process improvement initiatives. It is expected that, as more and more of the large projects (e.g. e-Governance projects, online banking projects etc.) will be available on board, the role of these important non-code activities will increase further as it should be in a matured stage of any software company.

## Is the Industry well supplied with required technical HR?

The lifeline of a knowledge industry like software is the availability of qualified human resources (HR) in the market. The following table shows the academic background of the technical professionals employed in the 55 surveyed software firms.

Table 4: Academic Qualification Breakdown of Technical professionals

<b>% of total technical staffs in the surveyed software firms</b>	
Graduate in Non-IT subjects	19%
Masters in Non-IT subjects	23%
Computer Science/Engineering Graduates (3/4 years)	35%
Masters in Computer Science/Engineering	9%
Diploma/Certificates courses in IT	12%
Other	2%
Total	100%

It is interesting to note that- though more than 85% of the total technical recruits in the software firms have a minimum graduation degree, a large portion of them do not have institutional IT degrees (graduates or masters from non IT subjects comprise more than 40% of the workforce) which is instrumental for delivering quality software projects. Low number of passing out Computer Science/Engineering graduates (till 2002, the yearly number of passing out Computer Science graduates from the local academic institutes was less than 1000), high turnover of programmers and preference of IT graduates to work overseas are some of the reasons behind this constraint. However, this situation is expected to improve in the coming years as big number of IT graduates who have enrolled in last 3-5 years from the private Universities and the BITs will hit the job market along with good number of graduates educated abroad (currently the yearly number of passing out graduates from public & private universities are more than 2000).

## **Achievement**

### **IT awareness**

Young generation in Bangladesh is very enthusiastic and has correctly identified IT as the future of the country. There are numerous computer clubs, computer festivals, programming contests, web design contests, IT related seminars and discussions in many cities of the country. There are about 16 magazines and four digital IT magazines are being published monthly and some daily newspapers publish IT pages once/twice a week. A few of the magazines are in collaboration with other international magazines, however, most of these are Bangladeshi origin. There are a few interactive sites and forums. A number of business centres and cybercafes have started up recently. Most of these business centres provide e-mail; e-mail to fax, phonefax services and cyber cafes offer Internet browsing.

### **E-commerce**

Recently there has been a surge in E-commerce activities in Bangladesh. There are E-commerce related seminars and symposiums in the country almost everyday and all the major training centres are offering courses on E-commerce. Government is now formulating laws for e-commerce to enhance the business rapidly and smoothly.

### **IT Park and international market**

Some private organisations have already started to work for setting up IT park and IT villages in the country. Some investors are foreigners and they are very much interested to build Bangladeshi students as IT professionals. They have already started to commission their views. Our Bangladeshi students can take this chance and hit the international job market in the IT field. There are lot of scopes of working and entering into the international market. Just we have to take proper initiatives. Bangladeshi IT professionals have a good demand in international IT job market, which has been proved by some of our BUET students.



## Contest

Bangladeshi students have recently been participating in international programming contests. For example, in the ACM Inter-collegiate Programming Contest held at Atlanta, USA, last year, the team from Bangladesh University of Engineering and Technology (which had earlier emerged as the regional champions) secured the 24th position, above many of the reputed universities in USA (including Stanford University). In the on-going ACM programming contest on Internet, the performance of Bangladeshi students is among the best - out of the top 25 positions, 17 are now occupied by Bangladeshis. In the Regional ACM Inter-collegiate Programming Contest held in Dhaka recently, teams from Bangladesh (particularly from BUET) performed much better than those from other countries of the region (including India, Sri Lanka and Iran).

There are about 200 software companies in Bangladesh, and at least 30 export abroad to the United States, Europe, Japan and Australia. Its exports include software, medical transcription, graphics for Europe and cartoon animation for Canada and Australia. Bangladesh has around 2 million Internet users, and will have fiber optic Internet connectivity by the end of 2004.

## **IT-SERVICES AND SOFTWARE**

Government has announced ICT as thrust sector. Development of IT & Software industry is a key priority of the government. It is now going through a sustained progress. Bangladesh has a huge pool of technical professionals. Chief advantages of Bangladesh in the ICT sector are highly qualified workforce and competitive pricing. All required policies and laws are in also in place.

### **IT support organisations**

#### **ICT Task Force (ITTF)**

A very high-powered ICT Task Force with the Honourable Prime Minister in Chair oversee the development work of ICT in Bangladesh. It has very wide ranging activities. It working to establish a ICT driven nation.

#### **Ministry of Science and Information & Communication Technology (MoSICT)**

The [Ministry of Science and Information & Communication Technology](#) is relentlessly working as the hub of this new Technology to spread it around the countryside of Bangladesh in the shortest possible time. The Ministry has already set up an ICT Incubator and is also planning to create a Hi -Tech Park in order to promote ICT related investment in the private sector from home and abroad and thus boost our economy and provide a new direction for our future generations

The present government has taken various steps to carry forward the sector of ICT and providing training for thousands of young and the entrepreneurial in this sector in an effort to mobilize software as well as hardware production and data management as a means to further our exports to western markets in the context of the changing scenario in the trade regime.

#### **ICT Business Promotion Council (IBPC)**

ICT Business Promotion Council has been formed by public and private sector representatives related with ICT sector. The Council is responsible for promoting ICT related service and businesses in foreign as well as local market. IBPC has already established a shared office in Silicon Valley in California, USA for Bangladesh ICT companies interested to do business in US. Very soon few other offices in Europe and other cities in US will be established.

### **Bangladesh Computer Council (BCC)**

Bangladesh Computer Council is an autonomous body under the Ministry of Science and Information & Communication Technology, Government of Bangladesh for encouraging and providing support for ICT related activities in Bangladesh.

### **Bangladesh Computer Samity (BCS)**

Bangladesh Computer Samity is the national association of the ICT companies in Bangladesh. BCS was established in 1987 with eleven members. The ICT industries of Bangladesh comprises distributors, dealers, resellers of computer and allied products, locally assembled computer vendors, software developers and exporters, internet service providers, ICT based educational institutions and training houses, ICT embedded services providers etc. BCS has 372 members at present.

### **Bangladesh Association of Software & Information Services (BASIS)**

Bangladesh Association of Software and Information Services (BASIS) was formed in 1997 with the mission to mobilize regulatory and policy support to this industry and to assist member firms in building capacity for better addressing the needs of the domestic and overseas markets.

BASIS started with 17 charter members. Today the membership stands at 116 (January 2004). Members of BASIS account for more than 90% of the total software and IT services revenue of the country. Its members have among their clients, fortune 1000 companies in Europe, North America and Austral-asia. On a regular basis its members export software and IT services to more than 20 countries of the world.

BASIS has meticulously fostered close working relationships with the policy makers, government functionaries and the academia to ensure unhindered growth of this industry in Bangladesh. BASIS was instrumental in getting software Copyright Amendment Law enacted in the year 2000. BASIS is also working with other chambers in scrutinizing the Draft Electronic Transaction and Cyber Crime Law.

### **ISP Association of Bangladesh (ISPAB)**

[ISP Association of Bangladesh](#) is the association of ISP providers. It was established in 1999 and now has 47 members.

## **ISP Situation in Bangladesh**

Situations have been improved lately due to the withdrawal of the imposition on VSAT by the government and at present there are about 45 Independent (private) ISP companies, including the government owned BTTB. Three of them are located in Sylhet, three in Chittagong and rest are in Dhaka.

Anyone can install a VSAT with a simple permission from BTTB. Cost of VSAT equipment are nearly USD 40,000 and annual monthly lease fee to the Internet provider costs around USD 24,000 with an additional mandatory annual fee of USD 3500 to BTTB. Legal framework now also permits ISPs to float Public share in the stock exchange.

In this aspect one should concentrate providing ISP service to small cities in Bangladesh, where they don't have any ISP services, while there is too much concentration of ISPs in Dhaka city alone and it is increasing competition.

There are possibilities of using locally designed long distant Micro Wave (using multiple wireless routers) and these links are now available in Bangladesh at very reasonable cost- for access to remote areas. Straight line of path (60Km range with 3mb access speed), each tower units cost approximately USD 2400.

The difficult part of establishing an ISP here is to accommodate digital telephone lines to start up an ISP business due to unavailability of enough Telephone lines- in required time or in certain geographic areas and locations. Hence, remote wireless access may be a better solution for Bangladesh. A typical ISP may need a minimum of 30 independent (telephone) hunt lines to start up a business.

The highest peak time charge (Internet usage fees) now is about Taka 1.50 paisa (6:am to 6:PM) and the lowest - off peak time charges is around 00.20 Paisa (2: 00pm to 6:00am) depending on the ISP.

Grameen Cybernet (an ISP) has the largest number of subscriber base (about 6000) and the current bandwidth available now - what local ISP's are providing, ranges from 64kbs to 2mbs (BOL Online Ltd. and Proshikha are providing 2mbs access).

Few local ISPs are:

1. BDCOM Online Ltd., <http://www.bdcom.com>
2. Aftab Net, <http://www.aitlbd.net>
3. Agni Systems, <http://www.agni.com>
4. BRAC BDMail Network, <http://www.bdmail.net>
5. Access telecom Ltd., <http://www.accesstel.net>
6. Trans-Net Systems Ltd., <http://www.transbd.net>
7. Global Online Services, <http://www.globalbd.net>
8. Drik, <http://www.drik.net>
9. Proshika, <http://www.bdonline.com>
10. BOL Online Ltd., <http://www.bol-online.com>
11. ISN, <http://www.bangla.net>
12. Grameen Cybernet, <http://www.citechco.net>
13. Spectra, <http://www.ssl-idt.net>
14. AB Network Ltd., [abnetbd.com](http://abnetbd.com)

Sustainable development Networking Programme (SDNP), a non-profit ISP is working in the field of providing digital connectivity to academics, national and international agencies and development partners. This project is financed by the UNDP and executed by the Bangladesh Institute of development Studies.

## **PROSPECT OF IT IN BANGLADESH**

At present Information Technology (IT) is a subject of widespread interest in Bangladesh. There are around 100 software houses, 35 data entry centres, thousands of formal and informal IT training centres and numerous computer shops. The Government has declared IT as a thrust sector and that computer training centre will be set up in each divisional and district headquarters of Bangladesh. Import of computer hardware and software is now duty free, VSAT is deregulated, high speed DDN (Digital Data Network) has been introduced. One fourth of the 45 recommendations of JRC report on software export has already been implemented; rest is in the process of implementation. A tremendous activity is going on in every sector including e-commerce, e-governance, computer networking, Internet, web browsing, web applications, multimedia product development etc. Some active steps and initiatives are already there, as described below for an exposure of the present and future prospects of IT in Bangladesh.

Telecommunication: Bangladesh has one of the lowest tele-density in Asia, with a mere 0.6 (in India 1.5) lines per 100 people. In terms of phone connectivity, the charge of Bangladesh Telephone and Telegraph Board (BTTB) is one of the highest in the world, approximately US\$500.00 (in India US\$60) for normal single telephone line connection. However, there has been significant improvement in services of telecommunication within last few years. Present government is also trying to get additional telephone lines from a Canadian firm. If these telephone lines are available in Bangladesh, most of the PC users will be able to use internet and find a scope to build up international career.

## **Services**

### **Board of Investment**

The [Board of Investment \(BOI\)](#) was established in 1989 to promote and facilitate investment in the private sector both from domestic and overseas sources with a view to contribute to the socio-economic development of Bangladesh. It is headed by the Prime Minister and is a part of the Prime Minister's Office. Its membership includes representatives (at the highest level) of the relevant ministries, industry, finance, planning, textiles, et.al. - as well as others, such as the Governor of Bangladesh Bank, heads of some business associations. The Operation Head and CEO of BOI is the Executive Chairman.

Major Functions of BOI include, Providing necessary facilities and assistance in the establishment of industries, Implementing investment related GOB policies, Preparing investment schedule, Registering private sector industrial projects; and identifying competitive investment sectors and facilitating investment by providing information and services.

The BOI also includes a Utility Service Cell that offers pre-investment counselling, facilitation of utility connections, and assistance with import clearance and warehousing licenses.

### **Export Promotion Bureau (EPB)**

[Export Promotion Bureau](#) under Ministry of Commerce promotes exportable items throughout the world.

### **The Federation of Bangladesh Chamber of Commerce & Industries**

The [Federation of Bangladesh Chambers of Commerce and Industry \(FBCCI\)](#) is the apex representative organization safeguarding the interest of the private sector in trade and industry in Bangladesh

### **The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)**

The [Metropolitan Chamber of Commerce and Industry, Dhaka \(MCCI\)](#) was established in 1904. It is the oldest and most representative trade organisation of Bangladesh having in its

membership roll most leading commercial and industrial organisations including almost all the public sector corporations and all multinational companies.

The Chamber has been renders expert services in specialised areas like taxation, trade practices, customs tariff. It renders similar services regularly through representations in bodies like Consultative Committee for the Ministry of Commerce, Consultative Committee for the Ministry of Industries, National Consultative Committee on Power, Transport Consultative Committee, Chittagong Port Advisory Committee Bangladesh Bank's Co-ordination Committee, Advisory Committee for Securities and Exchange Commission, Council of Dhaka Stock Exchange, Steering Committee for Implementation of Uruguay Round Agreement, Insurance Advisory Committee, ICD (Inland Container Depot) Advisory Committee, Inter-Ministerial Committee on Labour, Railway Board, Port Trust and Labour Advisory Board. The Chamber is widely accepted to arbitrate on commercial disputes.

### **The Dhaka Chamber of Commerce & Industry (DCCI)**

The [Dhaka Chamber of Commerce & Industry \(DCCI\)](#) facilitates commerce for the local as well as foreign entrepreneurs to catering their demands in penetrating into a new market. It was established in 1956. It is largest chamber of the country. The DCCI is a high profile non-profit service organization whose function is very relevant to the innovators business community.

### **Banking Sector**

Although the banking sector had been among the pioneers in computerization in Bangladesh, the present level of computer usage in banks is very low. The foreign banks operating in Bangladesh have taken a lead in computerizing their front office operations. It is only during the last 4/5 years that some of the Bangladeshi banks have started gradually computerising their front office activities and very soon a network of automatic teller machines (ATMs) using VSATs would be set up by the private banks throughout the major towns.



## **Problem**

The lack of adequate physical facilities, computers and qualified teachers has resulted in very few students opting for these courses. Experience of other countries shows that teaching of computer programming by incompetent teachers may do more harm than good.

One of the major constraints in the initial stages of computerisation of government offices was the non-availability of Bangla software and Bangla fonts in printers. The breakthrough came when the PCs were introduced in the early eighties and very soon desktop publishing using computers became very popular. Bangla version of many of the commonly used packages like word processing, spreadsheet and database management have been developed.

## **FISCAL PROBLEM**

- Absence of Domestic software industry
- Complicated banking procedures
- Absence of sources of financing
- Absence of funds for R&D

## **HUMAN RESOURCE DEVELOPMENT PROBLEM**

- No strong Government agency for promoting growth of IT, particularly HRD.
- Course curricula for computer related subjects do not reflect market needs.
- Low level of computer literacy.
- Facilities for high level training in IT inadequate.
- Number of graduates in computer related subjects is very low

## **INFRASTRUCTURE PROBLEM**

- No copyright protection for software, which deters foreign firms from out-sourcing from Bangladesh.
- Facility for high speed data communication is limited.
- Internet connection is slow but expensive.
- No facility for video-conferencing

- BTTB satellite communication links slow and expensive.
- Poor National telecom infrastructure.
- No communication hub in the country.

## **MARKETING PROBLEM**

- Domestic market is very small.
- No opportunity for exhibiting local software capabilities.
- Information on Bangladesh IT professionals lacking.
- Quality of Bangladeshi software developers unknown.
- Capability of Bangladeshis in software sector is not known internationally.

## **RECOMMENDATIONS**

### **Fixcal**

- Exempt all Duties & Taxes
- Tax Holiday for 10 years
- Provide a 15% Domestic Price Preference for locally developed software.
- Allow export of Software and Data Processing services through Sales Contract, instead of Letters of Credit.
- Reduce interest rate to the level of other export sectors
- Allow Special Custom Bonded Warehouse facilities
- Create a Special Fund for giving interest-free loans to teachers and students
- Create a Venture Capital Fund of at least Tk.10 Crore at Export Promotion Bureau
- Create a Market Promotion Fund to be administered by EPB for meeting the expenses of promoting Bangladesh as a potential source of Software and Data Processing Services to the overseas markets.

## **HUMAN RESOURCE DEVELOPMENT**

- Upgrade the BCC to the level of a Division, to be managed by professionals
- Introduce 'Basic Computer Skills' as a Compulsory Subject for all students at Graduation level.
- Increase number of seats for computer related degrees/diplomas in all Institutions (Universities, Colleges, BITs, Polytechnics)
- Review course curricula every two years and update, where necessary.
- Empower BCC to develop a national examination and certification system.
- To introduce compulsory education in Computer Studies at School and College levels.
- To strengthen BCC and make it responsible for imparting higher level special need-based training to the IT Professionals graduating from the Universities.
- Strengthen linkage between the software firms and educational institutions

## **INFRASTRUCTURE**

- Enact Copyright Act as required under the WTO Charter.
- Set up low-cost high-speed data and voice communication link with the USA and the UK.
- Set up an Internet Node in the country.
- Make Internet connectivity available at affordable rate.
- Make Video Conferencing facility available through VSAT.
- Allow Private Sector to set up own Satellite Communication links.
- Create separate Cells at selected ports so that goods are cleared within 24 hours
- To create a Central Resource Center at BCC
- Encourage firms involved in software development and data processing services to form an association in line with e.g. NASSCOM.
- Assign one Assistant Director of EPB for this sector on a full time basis.
- Set up an Information Technology Village (ITV) at a suitable place on Tongi-Ashulia Road near Dhaka, equipped with all necessary facilities.
- Ask BTTB to set up ISDN/ HDSN / ADSL Lines all over the country, and a fibre optic backbone.

- Set up a Communication Hub in Bangladesh
- Form a Standing Committee to formulate and implement policies, strategies and action plans for promotion of export of Software and Data Processing Services.

## MARKETING

- Arrange meetings/seminars in selected locations in USA with a concentration of IT Professionals of Bangladeshi origin (e.g. Silicon Valley, California, USA) to inform them about the incentives being provided by GOB and mobilize their support to help Bangladeshi entrepreneurs.
- Ban use of all pirated Software in all organizations, both in the public and private sectors.
- Encourage all public sector organisation to replace the manual system of documentation and records by Computerised system through the use of locally developed Customized Application Software.
- Send Marketing Missions to North America / E. U. consisting of Members from IT Associations and EPB, on a regular basis.
- To create a Database of all major organizations / institutions engaged in out-sourcing of Software and Data Processing Services, to be made jointly by EPB and Bangladesh Computer Samity (or Software Association, when it is formed), and to maintain a Home Page in the INTERNET.
- Explore the possibility of obtaining business on sub-contract basis from other countries.
- Empower EPB to ensure regular participation in all major International Exhibitions / Fairs for IT products and services.
- Ask the concerned Trade Associations to organize International Exhibitions / Fairs in Bangladesh.
- Ask EPB to set up permanent Liaison Offices in the USA and the UK.
- Ask BCC to create a Database of Bangladeshi IT Professionals.
- Encourage IT industry members to take steps for ISO-9000 and SEI certifications.
- Produce sufficient skilled IT professionals for export.

## **Conclusion**

India, Sri Lanka, Thailand, Malaysia, the Philippines are source of the successful countries in our region. Experience of other countries shows that it is very difficult to achieve success in exporting software unless there is a big domestic market. The government ministries and departments are being asked to computerise their activities. A domestic price preference of 15% would be given to suppliers of locally developed software.

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## **Abbreviations**

ICT	Information and Communication Technology
ITTF	ICT Task Force
MoSICT	Ministry of Science and Information and Communication Technology
IBPC	ICT Business Promotion Council
BCC	Bangladesh Computer Council
BCS	Bangladesh Computer Shamity
BASIS	Bangladesh Association of Software and Information Services
ISPAB	Internet Service Provider Association of Bangladesh