We live in a world of technology. Technology has virtually taken over every sphere of the spherical world. Mobile phone is the most important among technological inventions. This has over time aided in communication with people in far distant places. Communication which includes calls, messaging, mails, among others.

It is quite obvious that more than 80% of the world’s population make use of phones of different brand Therefore this area of technology will always be lucrative no matter the season. To start a phone company is not an easy venture considering the technology know-how and the logistics required. (1)

**Mobile Phone Assembling Business**

In Bangladesh one can be certain that when someone comes across the adults, you are likely going to find one or more mobile phones with them. This goes to show that there is a huge market for mobile phones hence those that are involved in any mobile phone related business will always smile to the bank. (2)

International mobile phone brands Nokia, Samsung, Vivo and others are increasingly choosing to set up manufacturing ventures in Bangladesh to avoid the South Asian country's high import tariffs and get direct access to its large and growing population.

Bangladesh, once a perennial bottom-dweller in global league tables, has drawn increasing attention in recent years as its economy racks up high growth rates and consumer spending power in the country of 163 million people expands.

It has also taken steps to attract foreign investment and increase local production and consumption through its "Made in Bangladesh" program, nudging phone brands to enter the country by raising tariffs on imported handsets, collecting lower duties on component imports and exempting consumer purchases from the country's value-added tax.

Thanks to an effective price gap of 15-26% between imported and locally assembled smart phones, domestic production has climbed, now accounting for nearly 80% of sales. Noting the new predominance of local phones, Bangladesh government this month proposed extending the VAT exemption another two years. Another measure, set to come into effect on July 1, will block buyers of smuggled phones from registering their devices on local networks.

Local manufacturing of phones only began in October 2017 when local electronics maker Walton started production under its own brand in a Dhaka suburb. It has since made 1.7 million smart phones and 4.3 million older-style feature phones.

A number of other companies now making smart phones in Bangladesh are local ventures, often arms of large conglomerates. But Vivo and Realme, both under the umbrella of China's BBK Electronics, and compatriot Transsion have set up their own factories in the country. (3)

**HUAWEI falling behind**

Unfortunately Huawei seems to be still thinking to depend on exporting directly from China. That won’t be viable in near future. Because at present to import handset VAT is 60%. On the other hand government has exempted the local manufactures from paying VAT. While plants assembling the handsets need to pay only 5% VAT. (4)

**Future in Bangladesh (5)**

##### People involved with the mobile phone sector feel Bangladesh will no longer need to import handsets as a dozen of local factories are scaling up assembly operations. The factories are fully capable to meet the local smart phone demand, while they can supply almost 80 percent of the feature phones.

Top officials of the plants, including that of Korean giant Samsung Electronics, say the sector will be able to fully meet the local demand this year. The production of mobile phone handsets in Bangladesh has caused the grey market of illegal and fake mobile to shrink.

As many as 33 million mobile handsets were made in Bangladesh over the past one and a half years, including 18.8 million in last six months.

Bangladesh imported 16.3 million mobiles in last one and a half years with only 1.8 million of them imported in the last six months. Before domestic production began in 2017, Bangladesh needed to meet the local consumption through 100% import of handsets. Now the plants import small parts and assemble the handsets.

**The handset market in Bangladesh is worth over Tk 100 billion or roughly $1.2 billion.**

 12 companies have already got the license to make mobile, such as :

Walton Digi-tech Industries Ltd, Samsung, Symphony, 5 Star, itel and Techno, Yunstar, Vivo , Lava, DTC, Oppo, and Okay Mobile and Mycel Technology.

The annual demand in Bangladesh is more than 35 million handsets, including 11 million smart phones made or assembled locally. Over 60 percent of the feature phones are made or assembled in Bangladesh. The plants will be able to meet the demand fully in a short time.

Import of illegal and fake handsets dropped after local factories began to assemble handsets. “The cost dipped 20 to 25 percent after handsets began to be made in Bangladesh. That's why the grey market is unable to make profits."

The market of illegally brought and fake handsets will be gone when the regulator begins the process to shut down such phones. More companies are now keen on setting up factories in Bangladesh and the association is providing assistance to those firms.

"Currently, almost 100 percent of the demand for Samsung phones is met by locally assembled. Samsung Bangladesh and its local partner Fair have been assembling smart phones in the plant at Narsingdi since June 2018 to cater the local market. “The handsets are cheaper now since they are assembled here. Also, the sector has generated more than 15, 000 jobs. "Earlier, there wasn't any opportunity to create skilled labour in making mobile handsets. This sector has just begun to gain the skills."

Some factories are preparing to make motherboards, and gradually the mobile phones will be 100 percent made in Bangladesh. This sector will play a significant role in export after meeting local demands. Around 5.5 million units of handsets of Techno and itel brand are made in this factory. Starting its operation two years ago, the factory produces more than 1.5 million smart phone handsets per year. The demand has shot up this year.

Walton Digi-tech Industries have been assembling handsets since December 2017. The company produced 4 million feature phones and 400,000 smart phones amid the corona virus pandemic last year.

Walton is set to export smart phones to the US, in what can be viewed as a remarkable endorsement of the leaps taken by Bangladesh's manufacturing sector. The first consignment of the smart phones, which would be priced between $100 and $200, will be out of the gates of Walton Digi-Tech.

**The government is prepared to fully support these companies. (5)**

**Difference of Costing between Imports and Assembling**

Difference of Costing between Imports and Assembling firstly because of huge import duty ad VAT. We can see the difference of production cost as follows :

For example, Huawei P30 Pro in China total material cost is $ 363.83 with 1631 parts. (gizchina.com). A total of $ 363.83 + others = $ 961.

In Bangladesh the price of Huawei P30 Pro is 72,000 taka = $ 857.(mobiledokan.co/product/Huawei-p30-pro-new edition ).

Total cost material -- $ 363.83

Vat 5%

Labor cost

Sea freight CIF

Customs $ 493

Carrying Charge

C & F “

Misc

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Total - $ 857.00

**Other advantages in assembling in Bangladesh**

Skilled and semi skilled labor available at a competitive price. Environment of work is very good under the supervision of ILO. No electricity failure. No political unrest. Availability of natural gas. Last but not the least , very soon Bangladesh is going to enter 5 G network very soon.

Ref :

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2) (profitableventure.com)

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