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[My Time](#)

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[FlexiLOAD](#)

[Pre-Paid Promotions](#)

[The Company](#)

The Village Phone



The Village Phone Program has continued its rapid growth.

VP Program began from a social commitment made by the shareholders of GrameenPhone that "good development is good business". The program is implemented by Grameen Telecom (GTC) in cooperation with Grameen Bank, the internationally renowned micro- credit lending institution.

The program facilitates women borrowers of Grameen Bank to the GSM technology through the village phones. They become effectively mobile public call offices. This not only provides rural poor with new, exciting income-generating opportunities, but it also helps to enhance the social status of women from poor rural households.

The VP works as an owner-operated pay phone. It allows the rural poor who cannot afford to become a regular subscriber, to avail of the service with loans from Grameen Bank. The loan usually is for BDT 12,000 and pays for a handset, the subscription and incidental expenses. The VP operator receives training from GTC about mode of operation, user charges etc.

Initiated in 1997, the VP Program has continued to grow at a robust pace over the years. As of September 2006, there are more than 250,000 VP subscribers.

The average revenue per user (ARPU) of VP subscribers is double that of the average GP business user. The revenue growth has been significant over the years. Beginning with BDT 0.53 million in 1997, the figure has risen to BDT 1,114 million in 2002 and to BDT 2,070 million at the end of 2003.

The VPs in operation now provide access to telecommunications facilities to more than 60 million people living in rural areas of Bangladesh.

This unique venture has gained widespread global recognition and has been featured extensively in international media. The success of the program won it the "GSM in the Community Award" given by the GSM Association in 2000. Former U.S. President Bill Clinton also lauded the innovative VP Program during his visit to Bangladesh in the same year. According to some research studies, the introduction of VPs has made a tremendous social and economic impact in the rural areas, creating a "substantial consumer surplus" for the users.

One of the studies was jointly conducted by Jahangirnagar University and the Center for Development Research at the University of Bonn in Germany. The other study was conducted by the TeleCommons Development Group (TDG) of Canada for the Canadian International Development Agency. "The Village Phone Program yields significant positive social and economic impacts, including relatively large consumer surplus and immeasurable quality of life benefits, The consumer surplus from a single phone call to

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Dhaka, a call that replaces the physical trip to the city, ranges from 264 percent to 9.8 percent of the mean monthly household income. The cost of a trip to the city ranges from 2 to 8 times the cost of a single phone call, meaning real savings for poor rural people of between BDT 132 to BUT 490 (USD 2.70 to USD 10) for individual calls," noted the TDG multi-media case study on the Village Phone Program."

A Dream Finally Comes True!

Laily Begum and her husband Atiqullah, a day labourer, had started their lives in poverty, like millions of other people in the country. They did not have enough to eat and lived in a tiny house, in Patira, a village in Dakshin Khan, on the outskirts of Dhaka city.

Laily Begum was encouraged by her husband to join Grameen Bank (GB), the institution that pioneered micro-credit. At first she took a BDT 4,500 loan from GB for buying a cow. By selling milk, she started earning some extra cash, which was still not sufficient for meeting her family's subsistence needs. Laily took a further BDT 6,000 loan for buying a second cow.

In 1997, with encouragement from the local Grameen Bank branch manager, Laily Begum applied for a mobile phone to become the first Village Phone Lady.

The Village Phone Program was initiated by the shareholders of GrameenPhone Ltd., the largest telecommunications service provider in Bangladesh, to provide Universal Access in rural areas through mobile phones. A unique initiative, the Village Phones provides the VP operators, mostly poor village women, a good income-earning opportunity while they retail the telephone services amongst their fellow villagers. The mobile phones are used as owner-operated pay phones.

The Village Phone Program is administered by Grameen Telecom Corporation (GTC) in cooperation with Grameen Bank. GrameenPhone provides the service at a substantially discounted rate.

Laily Begum and her husband were both apprehensive as well as excited about this new business venture. With the mobile phone, Laily Begum started a new phase in her life. Fortune smiled on her about a year and half later. She has not looked back again!

Business grew very fast. Initially the number of customers was very large. As she had no competitors, her income was BDT 20,000 to BDT 26,000 per month. More recently, local people started using the fixed line phones of BTTB and other mobile phones in the area. So the income went down to BDT 7,000 to BDT 8,000 per month. From this earning, she could now save up to BDT 3,000 per month. The income has been stable since then.

By increasing her earnings and investing the monthly savings, Laily Begum and Atiqullah have now set up five shops including two grocery stores, one laundry shop, one shop used as a pharmacy and a village phone booth. Laily and Atiqullah look after the restaurant they own. From these businesses, she now earns approximately BDT 13,000 per month. The extra income enables her to make a decent living and plan ahead for a better and brighter future.

The children of Laily Begum and Atiqullah are studying in schools. The eldest son and the daughter will be appearing in the secondary school examination next year and the youngest son now reads in class five. They live in a brick-built home, with two beds, two color TVs, one fridge, one cassette player, reflecting a comfortable living standard and solvency.

These things were all possible only because of the Village Phone Program of GrameenPhone. It elevated Laily Begum's social, economical and family status. She is now quite well-known in the locality and has attained some importance in the society.

To improve their position further, Laily Begum and her husband plan to diversify their IT business and have already applied for an Internet line from GTC.

Village Phone not only changed the life of Laily Begum and her family, but it also brought about a remarkable change in the attitudes of the people of Patira. Now she is one of the most-talked about persons in the village. Laily Begum has become a role model for the people of Bangladesh as well, demonstrating clearly how information and communication technology can help the poor to come out of poverty

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