

Pakistan low-user mobile baskets cheaper than in India and Sri Lanka; SMS charge is lowest in South Asia and lower even than in the Philippines

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“Pakistan mobile tariffs for low users are lower than those in India and Sri Lanka using adapted OECD basket methodology,” LIRNEasia researcher Tahani Iqbal stated today at an event organized by the Pakistan Telecom Authority. “Pakistan’s SMS charges are the lowest among the three countries and lower than even the Philippines, the SMS capital of the world,” she further said.

LIRNEasia, an Asia-Pacific ICT research and capacity building organization based in Colombo but working throughout the region, has compared mobile prices for the most popular packages offered by the largest operators in India, Pakistan and Sri Lanka using price baskets developed from Organization for Economic Co-operation and Development (OECD) methodology and in terms of straight per-minute prices. Price baskets have been developed for high, medium and low users based on a weighted average of minutes used by mobile subscribers in the three countries. “Baskets are essential for benchmarking, which is one of the most effective instruments of modern regulatory practice. Publication of comparable data is useful for operators as well as for users” said Professor Rohan Samarajiva, Executive Director of LIRNEasia.

The resulting comparisons indicate that a low user on a prepaid plan in Pakistan (75 minutes of calls and 25 SMSes a month) will spend USD 3.85 a month, marginally lower than the USD 3.88 in Sri Lanka and USD 3.96 in India. A Pakistani medium user (194 minutes of calls and 38 SMSes) will pay USD 9.44 a month, marginally higher than Sri Lanka (USD 9.28) and India (USD 9.35). When it comes to high prepaid users (419 minutes and 42 SMSes), Pakistan at USD 19.52, fits in between India, lowest at USD 18.92, and Sri Lanka, highest at USD 19.73. Pakistan offers the lowest prices for low and medium postpaid users (USD 4.84 and USD 12.16, respectively). India is cheapest for high postpaid users at USD 22.25 versus USD 25.07 in Sri Lanka and USD 25.84 in Pakistan.

This basket methodology used in this study was adapted from the OECD to evaluate the relative affordability of mobile telecom access. LIRNEasia is demonstrating the methodology in South Asia hoping to engage the attention of regulators and operators on issues related to formulating standardized methodologies for effective and regionally appropriate benchmarking.

The OECD has used the ‘T basket’ since 1995 to calculate comparable costs of using telecom services across countries; the basket is periodically updated according to research on changing user patterns, with the most recent update made in 2006. The basket takes into account airtime, short message service (SMS) use, rental, connection charges and free airtime as well as SMSes.

The tariffs of the cheapest (and therefore, most popular) tariff package of the largest operator (in terms of market share) are used to calculate the cost of service for three baskets: high, medium and low. Each basket consists of a different combination of airtime and SMSes,



taking into account calls made to different destinations (e.g., local fixed line, national fixed line, etc.), times of day (i.e., peak or off-peak hours) and the duration of calls.

In the South Asian comparison, LIRNEasia adapted the OECD baskets based on the actual average number of minutes used and SMSes (according to industry numbers in Pakistan and India and company numbers in Sri Lanka). LIRNEasia also calculated different baskets for prepaid versus postpaid users, in recognition of the fact that prepaid is the real market driver in South Asia. In the case of Sri Lanka, where a receiving party pays (or RPP) regime is still in place, incoming call charges were taken into account by assuming that these minutes make up 50 percent of all minutes used and then applying the relevant call charge.

In the absence of regional information on the distribution of calls over different destinations, times of day and durations, OECD weights were used for the South Asia comparison. However, LIRNEasia noted that the comparisons could be improved if the weights applicable to the region are directly ascertained through research as is the case in the OECD.

LIRNEasia is a regional, non-profit ICT policy and regulation capacity-building organization incorporated under the Companies Act of Sri Lanka, No. 17 of 1982, in 2004. At present, it is funded primarily by the International Development Research Centre of Canada. Additional information is available at <http://www.lirneasia.net>.

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