



Mobile markets and ex ante Regulation

[Session – 10]

*Training on Competition and Changing Market
Conditions: Impact on ICT Regulation*

Addis Ababa, 6th – 9th November, 2007

By

Pradip Baijal

Director

NOESIS Strategic Consulting Services

[Former Chairman, Telecom Regulatory Authority of India]

The Early Mobile Markets

- We started with Mobile networks which had to pay huge entry fee
- The new networks were not allowed interconnection with incumbent fixed networks
- Interconnection were allowed after Regulator was appointed

Terms of Interconnection

- Yet the terms of interconnection were exploitative
- Led to disputes between mobile operators and Government owned incumbent
- Government sided with incumbent leading to a dispute between Government and Regulator
- Led to early termination of the Regulator's tenure

The initial years

- In India in 1995, only duopoly was allowed for mobile - lack of competition
- Economics of deployment – density very low, price of usage very high
- Period of ex-ante regulation and tariff fixation
- Regulator felt that incumbent was unfair
- Hence not allowed BSNL and MTNL to become mobile operator

National Telecom Policy '99

- National Telecom Policy 1999 settled a number of issues
- Very high entry fee replaced by revenue share which was also reduced subsequently
- 3rd and 4th Operator allowed in 2001

Actions in 2003

- Calling Party Pays (CPP) introduced in 2003
- ADC, a form of cross subsidy severely reduced in 2003 led to a more level playing field
- Termination charges severely reduced and made equal for fixed and mobile
- Access charge left to operators
- Carriage charges severely reduced
- 5th and 6th Mobile operator introduced

Results

- This led to huge decrease in mobile call charges
- There was growth in numbers
- With better level playing and increase in strength of mobile operators, time was ripe to give up ex-ante mobile regulation
- Unprecedented growth thereafter

Policy Now

- Increase Competition
- Create level playing field for service providers, particularly in interconnection
- Competition reduces tariffs and increases subscriber numbers
- Affordable telecom services
- Sustaining network expansion and viability

Thank you