

Reduction of mobile phone tariffs to lure subscribers

A recent government study conducted under the auspices of the Ministry of Information and Communication indicates that subscribers are often scared away due to the high charges of mobile phone handsets and airtime costs.

By Joyce Joan Wangui ^{23 Jul 2007}

Kenya's Permanent Secretary for Communication, Bitange Ndemo, said the study is part of a number of projects included in this year's budget and the results of which will benefit subscribers: "The recommendations will be implemented to allow more people to use mobile telephone services in the country."

As more entrants venture into the telecommunications sector, competition is likely to be stiff and consequently tariff charges are expected to fall drastically. Ndemo says that for any telecommunications operator intending on making a mark in the market, their decision to lower charges has to be the driver of the process.

Current taxes amount to 26% of the cost of airtime, Value-added tax (VAT) constitutes 16% while the excise duty is 10%.

The reduction of charges so far has resulted in a growth rate of 60% of subscribers from 6.5 million to 9 million.

CelTel Kenya's corporate and regulatory affairs director Clare Ruto notes that the reduction of interconnection fees by the Communications Commission of Kenya, the country's regulator has boosted their subscriber numbers. "Lower charges brought by competition have resulted in an upsurge of new subscribers. And with low charges, the economy grows."

Ndemo however said that any future reduction in mobile phone tariffs will have to wait for a government study of tax charged on airtime.

Published courtesy of

□