

Dear Sir,

This is w.r.t. the the consultation paper on “Determination of Port Transaction Charges, Dipping Charges and Porting Charge for Mobile Number Portability”. Please find enclosed the comments on behalf of Bharti AirTel Limited and Bharti Hexacom Limited.

With Regards,

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To

The Secretary,
TRAI, Mahanagar Doorsanchar Bhawan,
Old Minto Road,
New Delhi- 110 002.

Kind Attention: Shri Sudhir Gupta, Advisor (MN)

Subject: Comments on TRAI's consultation paper dated 22.07.2009 on "Determination of Port Transaction Charges, Dipping Charges and Porting Charge for Mobile Number Portability".

Dear Sir,

This is w.r.t. the consultation paper dated 22nd July 2009 on "Determination of Port Transaction Charges, Dipping Charges and Porting Charge for Mobile Number Portability".

At the outset we would like to submit as follows:-

- 1) All Telecom service provider including UASL, BSOs, CMTS, NLDO, ILDO and Mobile Number Portability (MNP) service providers are making huge investments for successful implementation of Mobile Number Portability in the country. So, all the operators who make the investment are entitled to recover their costs. Accordingly, TRAI, should devise a mechanism which enables every operator to recover their cost by the way of Porting Charges, Per Port Transaction Charges or Dipping Charges.
- 2) In our opinion, the guiding principle for fixing the charges to be recovered from the subscribers for porting their mobile numbers and sharing the same should be on the principle of work done among various operators who are making huge investments for successful implementation of Mobile Number Portability.
- 3) From the approach of TRAI in consultation process, it appears that TRAI has only accounted for the investments of the MNP service providers for the purpose of calculating the port transaction charge and the porting fee and has ignored the expenditure made by the Access Providers and ILDOs in this regard.
- 4) We would further like to bring to the notice of Authority that the investments made by the Access Service Providers are very high as compared to the investments of MNP service providers. The details of major activities to be carried out along with the expenditures to be incurred by AirTel are as under:

- a) Installation of Local Number Portability Databases
- b) Procurement and Installation of MNP gateway to connect with MCHA
- c) Upgradation of various MSCs, Fixed Line Switches, NLD and ILD switches to make them compatible with MNP.
- d) Modification in the Billing Systems of Mobile network, Fixed Line Network and Interconnection Billing Systems.
- e) Modifications required in the Provisioning and Customer Care System.
- f) Change required in the IN Systems, SMSCs, MMSCs etc.
- g) Installation of SMS aggregation at ILD Gateways for correct routing of messages (SMS).

Detailed costs of each element can be provided by us if required by Authority.

- 5) So, we would suggest that while deciding the share of Donor and Recipient Operators these cost must be taken into account and hence the 'Porting Charge' has to be on the basis of costs involved and principle of work done.
- 6) As far as the dipping charge is concerned, we would like to submit that the all call query would increase the number of dipping which would not only impact the Quality of Service but would also increase the cost of those calls also for which have not used MNP i.e. the calls from more than 98 percent of the customers who have not opted for MNP would also be using the Query Response System which would increase the cost per call substantially.
- 7) So, we recommend that the investments being made by the operators for the implementation of MNP needs to recovered only from the consumers who wants to port their numbers and ordinary customers should not be penalized by increased tariffs and call charges from them. Further, these porting charges need to be shared among all the operators on the basis of their investments. This is also in line with international practices whereby donor operators are also entitled to receive the charges from the recipient operators like in Denmark, Finland, Italy, Sweden, Norway etc. Hong Kong who has been most successful in implementation of MNP has also adopted the scheme in which the Porting Charges are shared between Recipient Operator, Donor Operator and MNP Operator.
- 8) It is also accepted by TRAI in the consultation paper that for the new service providers, MNP will be an attractive tool to acquire the subscribers from the incumbent service providers. Whereas the incumbent operators are required to make huge investments to upgrade their networks for implementation of the MNP at the same time the networks being rolled out by the new operators are MNP compliant and hence no additional investment will be required to be made by them for the purpose of MNP. As envisaged in the consultation paper, the incumbent operators will be predominantly the Donor operators whereas the new access providers will be predominantly the recipient operators. If the Donor operators are not reimbursed for the investments being made by them, it will result in a situation which is anti-competitive and will disturb the level playing field.

- 9) To summarize we would request the Authority to call for and seek the costing information of all the operators including the MNP service providers, UASL, ILDO, NLDO, BSO and CMTS. After taking into consideration the costing data of all the operators who are making investment for MNP implementation, the porting charges to be recovered from the consumers for porting their numbers should be fixed and arrangement should be worked out for sharing of this charge between all the operators on the basis of their investments.

A detailed parawise comments are as follows:-

Q1 Whether the network elements, cost details and the cost structure considered for estimating the port transaction charges are appropriate? If not, give reasons.

- 1) TRAI in its paper had acknowledged that it had asked MNPOs to furnish the details of capital employed each year. However, none of the MNPOs have made this information available to TRAI. In the consultation paper it has also been acknowledged that the;
 - (i) **Some irrelevant costs have been added by the MNP service providers for seeking higher per port transaction charges.**
 - (ii) The data submitted by two MNP service providers has not been found consistent.
 - (iii) The data submitted by the MNP service providers have not been shared with all stakeholders due to reasons of competitiveness whereas we feel that in a scenario where two service provider are licensed for exclusive territories, there is no competitions between two of them. So the data should have been shared with all the stakeholders as it would help in calculating the charges.
- 2) There is a significant difference in the estimated cost of the two MNPOs. While MNP Service License I has estimated the per port transaction cost at **Rs. 99.6** per port during the initial 5 years, MNP2 has estimated the per port cost at around **Rs. 52.03** during the same period which amounts to a variation of more than **90%**.
- 3) A more accurate estimate can be arrived at by seeking the above details form MNPOs together with the details regarding the capital employed for each year.
- 4) We would like to submit that the approach followed by the TRAI should **be in line with the international best practices and should be in the interest of the consumers.**
- 5) The various Access Providers (BSO/UASL/CMTS) as well as ILDO would also be carrying out huge investments in the form of CAPEX in Operator Gateways, Local Databases, Upgradation of Switches, SMS Aggregation platforms etc for the successful implementation of MNP in the country. These costs would be at least 20-25 times the CAPEX of MNP operators. So, TRAI should have called for the costing data of all other operators also. The porting charges, the per port transaction charges and dipping charges should only be fixed after taking into account the costs of various services providers including ILDO/NLDO etc. These

costs would also help in arriving at the formula for distribution of the porting charge, recovered from the subscribers, between all the operators in proportions to the investments made by them.

Q2 Do you agree with the factors affecting the number of porting as discussed in chapter-4? Please indicate if any additional factors are required to be taken into account.

There are likely to be many other factors which can have an impact on the number of porting. These factors could be:

- a) Attractive tariff plans.
- b) Innovative services, VAS offerings
- c) Quality of Service
- d) Administrative Arrangements:-

This fact has also been appreciated by TRAI in its recommendations dated 08.03.2006 sent to DoT on Mobile Number Portability which is reproduced as under:-

*“2.15.2 -----, International experience from countries such as Netherlands, and UK where Number portability is considered unsuccessful is because of the **lack of proper administrative arrangements**. It could be a success if appropriate coordination among the operators are in place for effective implementation of MNP.*

2.15.3 Poorly designed, complex or easily-abused procedures for porting of mobile numbers are less likely to result in a successful implementation of portability or to produce the benefits that portability is intended to deliver.”

Q3 Whether the projection of the subscriber base and annual rate of porting as explained in the paper for the next 5 years is reasonable? If not, give your estimation of annual porting rate along with the reasons.

- a. The subscriber projections taken into consideration by the Authority appear to be reasonable.
- b. With regard to the subscriber projections of the two MNP Service licenses, we would like to submit that while in one scenario the subscriber projections are for the year ending March, in the other scenario the subscriber projections are for the year ending December. We would like to submit that the projections in the two scenarios should be for the same time period and the total projected subscribers should be in line with 1093 mn subscribers for the year ending March 2014, as projected by TRAI in its consultation paper.
- c. With regard to the Annual rate of porting, in one scenario the annual rate of porting has been assumed as constant at 2% for a period of 5 years, on the other hand, in

the second scenario, the annual rate of porting has been assumed/ projected to rise from 0.56% in the first year to 4.3% in the fifth year.

- d. It may be more appropriate to follow a uniform approach while estimating the annual rate of porting; and since the MNP service is expected to pick up over a period of time, the approach of gradually scaling up the annual rate of porting appears to be more appropriate/ reasonable.

Q4 Based on the cost details, what is your estimation of per port transaction charge? Justify your estimation and supplement it with the worksheets.

- a. We are unable to understand the cost details furnished in the paper and hence we are not in a position to comment on the same.
- b. We would like to request that either the Authority or the two MNPOs should share their cost details in the Open House Discussions to be held at Hyderabad on 11th August 2009. The same will enable better understating and clarity regarding the estimation of per port transaction charge. The same will also enable us to give our inputs on the estimation of per port transaction charge.

Q5 What should be the time period for review of per port transaction charge?

- a. The per port transaction charge should be cost based, taking into account all necessary information and details on the relevant Capex and Opex items.
- b. Based on the experience, to begin with, the per port transaction charge may be reviewed annually.

Q6 What is your estimation about the number of voice/SMS/MMS dipping which may take place in the MNP service provider's Query Response System?

AND

Q7 What should be the factors which may be considered for the estimation of the Dipping charges.

- a. A service provider may use the dipping facilities provided by the MNPO or may have its own database or database of other operators.
- b. TRAI, in its consultation paper has acknowledged that in almost all the countries, dipping charge is left to the mutual agreement between MNPO and the service provider.

- c. The same should be followed in case of India as well and the Dipping charge should be left to the mutual agreement between the MNPO and the service provider or be left to the market forces.
- d. We would like to further submit that initially a cap may be fixed for a period of one year which could be reviewed later.
- e. In para 4.8.3, the Authority has noted that the content providers may also use the query database. In this regard we would like to submit that DoT, vide the minutes dated 9th June-2009 for the meeting dated 4th June-2009 held in DoT, has already ruled out dipping by the content providers. So we would request the Authority to make a note of the same while finalization of this regulation.

Q8 (a) Whether the recipient operator should be allowed to charge the porting charge from the porting subscriber?

- (b) If yes, should porting charge be equal to or less than or more than the per port transaction charge? Give reasons to justify your view? (c) If no, give reasons to justify your view.**

AND

Q9 Whether the porting charge, if any, paid by the subscriber to the recipient operator, should be shared with the donor operator? Give reasons to justify your view.

- a. As the Authority is well aware that a set of complex process/ procedure is involved to ensure smooth and successful completion of porting. To enable porting, there is work done by each one i.e. the Donor Operator (DO), Recipient Operator (RO) and the MNPO which involves additional expenditure both in terms of capital as well as operating expenses.
- b. Therefore the recipient operator should be allowed to charge a porting charge from the porting subscriber and the porting charge should be such that it adequately compensates all the three operators, namely RO, DO and MNPO. Hence we propose that porting charge paid by the subscriber to the RO should be shared between MNPO, DO and RO on basis of work done principle.
- c. It is also pertinent to note that a Donor operator incurs subscriber acquisition cost. With the introduction of MNP the subscriber is moving away from DO with the same number, this is not the same case as normal churn. Hence there is a case for donor to be compensated through a mechanism of sharing of porting charge.
- d. Although, the instructions of DoT say that the access service providers and long distance service providers will have to upgrade their respective networks at their cost, but it does not prohibit the recovery of these huge costs from the subscriber for the benefit of whom such expenditure is being made.
- e. In our opinion the entire expenditure, which is being made by the various telecom operators e.g. BSO, UASL, CMTS, ILDO, NLDO etc will ultimately have to be recovered from their customers. In case, the Access Providers are not allowed to

charge the porting charges then a majority of customers who are not opting for MNP will also have to bear the cost of mobile number portability. So, to avoid such a situation, we would suggest that instead of cross subsidizing the services, these costs should be recovered from only those customers who avail this facility. So, we suggest that the Porting Charge being fixed by the Authority should be sufficient to cover the cost by all the operators i.e. MNPO, Donor, Recipient, ILDO etc.

- f. In view of the above mentioned points we propose that the TRAI should prescribe the porting charges which are sufficient to recover the cost of all the service providers including the Donor and Recipient Access Providers. TRAI should also prescribe the sharing the Porting Charges, collected from customers, between MNPO, Donor Operator and Recipient Operator.
- g. The table below depicts the work done by Donor Operator and Recipient Operator at various stages of porting:

Work done by DO	Work done by RO
<ul style="list-style-type: none"> • Upon receipt of the details of porting request from MNPO, DO shall verify such details and communicate to the MNPO regarding its approval or denial of the porting. • DO would be doing Validations like Billed/unbilled/Age on Network/Name and details mismatch, Contract details. • DO will be ready on tentative date and time of the porting as indicated by MNPO. • Disconnection of the subscriber number upon receipt of the instructions from MNPO. • The DO shall maintain records of all mobile subscriber numbers ported out by it and all mobile subscriber numbers for which porting requests have been rejected by it for a minimum period of twelve months . • Donor would maintain number 	<ul style="list-style-type: none"> • Upon receipt of the porting request of a subscriber, RO will carry out Subscriber Verification. • If the verification is –ve, RO will reject the request and inform the subscriber. If the verification is +ve, RO will forward the request to MNPO. • If MNPO reject the porting request on grounds of non- expiry of the period of 90 days , RO will inform the same to the subscriber in writing. • Upon receipt of the tentative date and time of porting from MNPO, RO will inform the same to subscriber telephonically and also inform the subscriber about the expected No service period. • RO will be ready on tentative date and time of the porting as indicated by MNPO. • Upon receipt of the instructions from MNPO, RO will activate the subscriber number • In case of the withdrawal of the porting request, the RO shall communicate such request of withdrawal forthwith to the MNPO.

<p>management Inventory so that number is not recycled.</p> <ul style="list-style-type: none"> • Donor Operator will update its Local data base upon receipt of the LRN from MNPO. • Donor would be generating unbilled amount and raise the Invoice for payments. If payment is not collected then deactivation alarm would be raised. 	<ul style="list-style-type: none"> • RO will maintain the record for all successful porting for such period as specified by licensor time to time. • RO will also keep a record of all rejections for the period of 12 months from the date of rejection of porting. • Will update its Local data base upon receipt of the LRN from MNPO.
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h. It may be noted that Hongkong has been an example of the highest rate of porting. In Hongkong, the RO has to compensate “the mobile operators or the independent agent maintaining the databases for the costs incurred in updating the databases, and the DO for the costs incurred in facilitating each number porting request.”

Source: NP cost recovery framework Hongkong, dated August 28, 1998

i. In view of the above, we would like to submit that the charges paid to RO, DO and MNPO should be based on the work done principle at various stages of porting.

g. There may be instances where the RO may not like to levy any porting fee so as to incentivize subscribers to port to its network. Keeping the same in mind it may be pertinent for the Authority to mandate that RO should pay

- (i) a per port transaction charge to MNPO
- (ii) and a charge to the DO

The above two charges should be payable even if the RO decides not to levy any charge on the subscriber.

h. We would like to submit that the porting charge payable by the subscriber should not be very low so as to encourage frivolous request for porting. More importantly, we would like to equally emphasize on the fact that the porting charge should be consumer friendly and should not be very high so as to discourage porting.