

COAI Response to the TRAI Consultation Paper on Determination of Port Transaction Charge, Dipping Charge and Porting Charge for MNP

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

- a. 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 has made this information available to TRAI. In absence of the above stated details, TRAI has used data/information available in the cost sheet submitted by MNPO for cost estimations.
- b. The data presented in the paper is incomplete and we are unable to understand the cost details furnished in the paper.
- c. There is a wide variation in the subscriber projections given by TRAI (in table 10) and the subscriber projections of the of the two MNP service Licences taken together. While TRAI has projected 1093 mn mobile subscribers by March 2014, the subscriber projections for the two MNP Licensees put together at 766 mn, **which is only 70% of the TRAI projections.** Since the dimensioning of the system is based on subscriber projections, this wide variation will have a direct significant impact on cost estimates.
- d. Besides the above, there is a significant difference in the estimated Capex for 5 years of the two MNPOs. While MNP Service License I has estimated the Capex at Rs 729 mn, the MNP Service Licence II has estimated Capex for 5 years at Rs 488 mn; which amounts to a variation of 33%.
- e. Similarly, there is significant variation in the estimated Opex for 5 years of the two MNPOs. While in the case of MNP Licence I, the estimated Opex is Rs 1638 mn, in the case of MNP Licensees II the estimated Opex is Rs 3230 mn; which is a variation of 49%.
- f. As a result, there is significant variation in the total costs as well as average costs per year (as depicted in table 7 of the paper).
- g. It may also be noted that there is a significant variation in the Capex-Opex ratio of the two MNPOs (as depicted in table 8 of the TRAI paper).
- h. From the above, it seems that something is amiss and we need to go into greater depth so as to have clarity and analyze the reasons for the variations listed above. So as to understand the reasons for variations it may be more appropriate to list down the line items and the cost details on the Capex and Opex side of the MNPOs.
- i. 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.
- j. Last but not the least, 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.**

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.

- a. There are likely to be many other factors which could have an impact on the number of portings. These factors could be:
- (i) Attractive tariff plans
 - (ii) Innovative services, VAS offerings
 - (iii) Multiple SIMs; low cost of SIM acquisition
 - (iv) Quality of Service

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.

Year	DoT Subs Projections (Year ending Dec.)	DoT Pro-rated Subs Projections (Year ending March)	COAI Subs Projections (Year ending Dec.)	COAI Pro-rated Subs Projections (Year Ending March)	TRAI Subs projections (Year ending March)
2007			234		165
2008	337.58		347		261
2009	439.92		493		392 (Actual)
2010	558.88	470	626	526	557
2011	680.02	589	761	660	730
2012	797.8	709	893	794	888
2013	909.96	826	1019	925	999
2014	1014.36	936	1136	1048	1093
2015	1109.98		1243		

As compared to the DoT and COAI projections, the variation in TRAI subscriber projections is about plus/minus 5%, which is acceptable.

- b. With regard to the subscriber projections of the two MNP Service licences, 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.
- c. Further, we would like to add that the subscriber projections for the two scenarios put together at 766 mn are much lower than the 1093 mn subscribers projected by TRAI for the year ending March 2014. Thus the subscriber projections for the two scenarios put together are widely off the mark as compared to the TRAI subscriber projections. There is a significant variation of 30%, which will have a direct significant impact on the cost estimates.
- d. With regard to the Annual rate of porting, we would like to state that the position of India is quite complex and unique, because of :
- Large number of operators per service area
 - Intense competition

- Very similar tariff offerings
- Multiple SIM ownership

As a result it is not possible to predict how the subscribers will respond to introduction of MNP and hence it is not possible to predict with reasonable accuracy the Annual rate of porting.

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 would like to reiterate that 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. As stated above, there is a wide variation in the subscriber projections furnished by TRAI and those of the two MNPOs. Since the system is dimensioned based on subscriber projections the same will have a significant direct impact on cost estimates.
- c. 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 our members to give 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 the 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 in future the content providers may also use the query database. In this regard we would like to submit that, DoT in one of its meetings held on 4th June, 2009 to review the status of implementation of MNP, has amply clarified that the content providers should not be allowed to dip directly and the content providers should go through Service providers. We request the Authority to kindly 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, a complex process/ procedure is involved so as to ensure smooth and successful completion of porting. To enable porting, there is work done by each one of 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 considering the various scenarios.
- 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. Further, it may be noted that in Hongkong, which has witnessed the highest rate of porting, the RO is required to compensate the DO or other independent agent maintaining the databases for the costs incurred in updating the databases, in facilitating each number porting request
- e. 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 incentivise 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.
