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August 6, 2009

The Chairman  
Telecom Regulatory Authority of India  
Mahanagar Doorsanchar Bhawan  
Jawaharlal Nehru Marg  
(Old Minto road)  
New Delhi 110 002.

**Sub : TRAI's Consultation Paper on Determination of Port Transaction Charge, Dipping Charge and Porting Charge for Mobile Number Portability**

Dear Sir,

We have carefully gone through the various issues raised in the Consultation Paper issued by TRAI on 22<sup>nd</sup> July, 2009 on the above subject. The Determination of Per Port Transaction Charge and Porting Charge for MNP are very much linked to the decision of the Authority on the various issues raised by the operators during the Open House discussion on 27<sup>th</sup> July, 2009 on TRAI's draft Regulation entitled "Telecommunication Mobile Number Portability Regulations 2009", dtd. 30<sup>th</sup> June, 2009.

TRAI is well aware that a number of processes are required to be completed by all the operators involved in Mobile Number Portability (MNP) viz MNP service provider (MNPO) Donor Operator (DO) and the Recipient Operator (RO) for porting of a mobile subscriber from one network to another network. This involves additional operating expenses by all the three operators involved in the MNP process. This additional expense will have to be recovered by the Access Providers either from the porting subscribers or from all the subscribers by appropriate increase in tariff. We believe that

the facility of porting a mobile number from the network of one service provider to another service provider is like a Value Added Service which may be availed by only a limited number of consumers. Therefore, the porting charge should be such that it adequately compensates all the three operators involved in the porting of a mobile number. We also appreciate that the porting charge should not be very high so as to discourage the subscribers from availing this facility and defeat the purpose of introducing MNP in India.

From the data given by the two MNPOs, as per the Consultation Paper, it is seen that there is a wide difference between the capital cost and operating expenses for a period of 5 years of the two MNPOs. There is also a wide variation in their assessment of the percentage of total subscribers availing this facility in each of 1<sup>st</sup> 5 years. Due to intense competition in mobile market in India and a number of new operators setting up their service in next 6-9 months, in our view about 8-10% of subscribers may avail number portability in case the porting charge payable by them is reasonably low. TRAI may, therefore, seek further clarifications from the two MNPOs with regard to their Capex and Opex and cross check the same vis-à-vis their costs in other countries where they are already providing number portability service. The useful life of the equipments to be installed by MNPOs for providing Mobile Number Portability is more than 5 years and therefore Capex should be depreciated over the entire useful life instead of 1<sup>st</sup> 5 years. Per port transaction charge as given in Table 11 of the Consultation Paper may be worked out by the Authority after verifying the actual cost of providing the service by the MNPOs and more accurate assessment of the percentage of subscribers availing the porting facility over a period of next 5 years.

In the light of the above general comments we are giving below our inputs on the various issues raised for consultation by the Authority in Chapter 5 of the Consultation Paper.

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

**Ans :** As mentioned above, there is a wide variation in the cost data furnished by the 2 MNPOs who have been licensed to provide MNP service in India. The Authority may verify the data with reference to the actual cost incurred by these companies for providing this service in some other countries. In case it is not possible to verify the same vis-à-vis actual cost, the Authority may take lower of the cost given by the two MNPOs for providing the service and re-work out the per port transaction charges for 8-10% of the subscribers availing the porting facility annually. The Capex be depreciated over a period of 10 years instead of 5 years.

**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.**

**Ans :** We agree with the Authority that the number of subscribers opting for porting facility in India in the next 2-3 years will be considerably higher as compared to the other countries. In no other country in the world so much intense competition exists as likely in India during the coming 6-9 months period. Besides the factors mentioned in Chapter 4 of the Consultation Paper, the following factors may impact the number of portings.

- a) More aggressive tariff plans by 5-6 new operators launching their services in the next 6-9 months.
- b) Innovative services and new VAS offerings
- c) 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.**

**Ans :** In our assessment about 8-10% of the total subscribers may avail the porting facility annually. At present churn rate of subscribers in India is about 35-40%. Even if one third of the subscribers avail the porting facility, the portings per year will be about 10% as compared to 2% assumed by one MNPO and maximum 4.3% by 2<sup>nd</sup> MNPO.

The estimated number of subscribers over next 5 years as given in Table 10 of the Consultation Paper appear to be reasonable, in the light of the fact that 10-12 million subscribers are being added every month and the present teledensity is about 35%.

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

**Ans :** As mentioned in our general comments TRAI may verify the cost data given by two MNPOs vis-à-vis their actual cost in some of the other countries where they are providing this facility. In our view, the lower of the 2 cost data be assumed for working out the per port transaction charge based on annual portings of 8-10% of total number of subscribers. The Capex should be depreciated over a period of 10 years. In our assessment per port transaction charge may work out to about Rs. 25/-.

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

**Ans :** Per Port transaction charge may be reviewed annually based on the actual cost data and the number of subscribers availing the porting facility during the preceeding year.

**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?**

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

**Ans :** In our view most of the Access Service Providers would set up their own data base of ported subscribers. The operators who do not set up their own data base may avail the dipping facility from the Data Base set up by other service providers in the service area. In our assessment only a few stand alone ILDOs/Access Providers providing mobile service in 1-2 circles only may avail the dipping facility of Query Data Base set up by each MNPO.

As in most of the other countries where MNP has been implemented, the dipping charge should be left to the mutual negotiations between the MNPO and the operator availing the facility. However, TRAI may fix the maximum charges (ceiling) which MNPO can charge for availing the dipping facility by an operator (Access Provider/ILDO).

The estimated cost of setting up Query Data Base and the expected number of total dippings per year will have to be considered while working out the estimated dipping charges.

**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.**

**Ans :** It should be left to the RO to decide whether to charge any porting charges or not from the porting subscriber. Due to intense competition on

account of 10-12 mobile service providers in each service area, it is expected that most of the operators may charge very low or no charge from the porting subscribers so as to attract the existing subscribers of other operators to churn to their networks.

Maximum Porting Charge recoverable from a porting subscriber, if prescribed by the Authority, should be equal to the sum of the per port transaction charges, payable by RO to MNPO and the charges if any, payable to DO and RO for each porting. As mentioned in our general remarks above, MNP will involve additional cost for all the three operators involved in carrying out the porting of a subscriber from DO's network to the RO's network viz DO, MNPO and RO.

**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.**

Ans : As mentioned above, the DO and RO will have to incur additional operating cost for carrying out the various processes involved in porting of a subscriber. This cost will have to be recovered either from all the subscribers by appropriate increase in tariff or from the porting subscribers who avail this facility. In our view the later will be more appropriate.

The Authority may determine per port cost of the DO and RO in the porting of a subscriber in the same way as the per port transaction charge payable to the MNPO. For every successful porting RO may pay the MNPO and the DO the charges as determined by the Authority. On rejection of a porting request due to any justifiable reason, the porting charge should not be refundable to the porting subscriber and should be shared equally among the operators involved depending on the stage at which the porting request is rejected. In case the porting request is forwarded by the RO to the MNPO and rejected by the MNPO on account of 90 days period since last porting being not elapsed, the porting charge should be shared equally between

MNPO and RO. In case the porting request is rejected by the DO on account of any justifiable reason, the porting charge be divided equally between DO, MNPO and RO as all the 3 operators would be doing infructuous work in processing the porting request.

We hope the Authority will keep the above inputs in view while determining per port transaction charge, dipping charge and porting charge for Mobile Number Portability.

Thanking you,

Yours truly,  
For **Loop Mobile (India) Ltd.**

**D B Sehgal**  
**Advisor**  
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**CC : Mr. R N Prabhakar-Member, TRAI**

**Mr Sudhir Gupta-Adviser(MN), TRAI**

