



MNP INTERCONNECTION TELECOM SOLUTIONS INDIA PVT. LTD. (MITS)

Counter Comments for the Responses to

Updated consultation Paper No. 02/2019 dated 01st April, 2019

on

Review of Per Port Transaction Charge and Other Related

Charges for Mobile Number Portability

MNP INTERCONNECTION TELECOM SOLUTIONS INDIA PVT. LTD. (“MITS”)

Counter comments for the Responses to

Updated consultation paper No. 02/2019 dated 01st April, 2019

MITS would like to thank TRAI for this opportunity to provide our counter comments to the responses published for the updated Tariff Consultation Paper No. 02/2019 dated 1st April 2019. MITS has reviewed the public responses/comments provided by the operators to TRAI and MITS provides the following counter responses and comments:

1. While the operators benefit from a world-class MNP service, the operators are reluctant to pay a fair market value for the service provided by MITS. The operators want excessively low tariffs for the MNP Operators. Excessively low tariffs for the MNP Operators prevents the MNP Operators from continuing to operate their business and from providing upgrades and other features as required by the regulator or requested by the operators.
2. The operators have attempted to calculate the “proposed tariff” with the numbers available to them in the public domain. These calculations are based on incomplete data and a one-sided view of the situation from the operators. The following significant data and factors have NOT been considered in determining the tariff rates:
 - a. The costs incurred by MITS in providing 60 software changes in the last 10 years has not been factored.
 - b. The costs incurred by the parent company of MITS in providing support to MNP operations has not been factored.
 - c. The costs incurred due to additional security requirements for MITS has not been factored.
 - d. Inflation adjustments have not occurred from the inception of the world-class MNP service.
 - e. As MITS’ parent company is a US entity, foreign currency fluctuations need to be considered.
 - f. Bad debts incurred by MITS as result of non-payment or delayed payment by the operators (including closing of operations or merger and acquisitions) has not been factored.
 - g. Cost of capital employed is impacted by the fact that none of the operators pay on time. TRAI regulations state that the payment should be made to MITS in 15 days, all operators in fact pay after 45 days to 60 days, and many BSNL circles have paid on completed ports and are in violation of TRAI regulations.
 - h. With reference to the point raised by one operator about cost incurred to support merger and acquisition, these are specific tasks done to support that specific operator and are not in scope of the regular MNP operations. Hence, that operator has to pay for

the task performed to support the merger and acquisition requirement of that operator who either does not want to wait for 7 days to complete the porting process or wants to avoid paying the full porting charge. It is important to note that because of support from MITS, there is no impact to end subscriber services.

- i. Cost incurred for implementing the Seventh Amendment, especially UPC related costs along with additional hardware to implement the changes has not been factored. Since launch, the donor operator had the opportunity to charge its subscribers in the form of an SMS charge for each UPC request. It is imperative to compensate MITS because with every UPC request there is additional validations performed by MITS to generate the UPC. This component is missing in the calculation of the proposed tariff.
 - j. MITS needs to invest in technology refresh every five years and the costs associated with capital and implementation has not been factored.
 - k. Although one operator argued that the MNP operations are monopolistic, the worldwide best practice is that only one operator typically provides central clearinghouse services.
3. It is clear from the Hon'ble High Court Order that there were flaws in the methodology applied by the TRAI in calculating the tariff. As the Court Order stated, genuine costs of the MNP Operators were disallowed and an arbitrary calculation methodology was used. We have previously provided detailed inputs to TRAI for a fair calculation methodology.
 4. MNP Operators facilitated customers of operators who were closing their operations by porting such customers from one operator to another operator. The spike in porting due to this transition activity is a one-off occurrence and should not be taken into consideration in calculating the tariff. It is pertinent to note that during the initial years after inception of the MNP service, the porting volumes were at the lowest point, so essentially the temporary increase in porting volume is offset by the low porting volume at inception. If the MNP Operators have earned one time revenue, the operators have acquired new customers with recurring revenue opportunity.
 5. The process of tariff fixation has to be between the MNP Operators and the TRAI. The operators should not be involved in this process as they are passing through the charge collected from the subscriber to the MNP operator. When the operator bears the charge on behalf of the customer, the operator is handling this for its own interest in order to obtain new customers, and therefore, the operator is an interested party and should not be asked to comment on the tariff. Operators, as interested parties, would always want the tariff to be zero or negligible in order to reduce its cost of customer acquisition.