



**Telecom Regulatory Authority of India**



**DRAFT**

**Telecommunication Mobile Number Portability  
Per Port Transaction Charge and Dipping Charge  
(Amendment) Regulations, 2019**

**16<sup>th</sup> August, 2019**

Mahanagar Doorsanchar Bhawan  
Jawaharlal Nehru Marg  
New Delhi 110 002

**Stakeholders are requested to send their written views/ suggestions preferably in electronic form at email id: [fa@traigov.in](mailto:fa@traigov.in) by 23<sup>rd</sup> August 2019.**

**For any clarification/information, Sh. Amit Sharma, Advisor (Financial & Economic Analysis), TRAI, may be contacted at Telephone Number +91-11-23234367, Fax Number +91-11-23235249.**

TO BE PUBLISHED IN THE GAZETTE OF INDIA,  
EXTRAORDINARY, PART III, SECTION 4

**DRAFT**  
**TELECOMMUNICATION MOBILE NUMBER PORTABILITY PER PORT**  
**TRANSACTION CHARGE AND DIPPING CHARGE (AMENDMENT)**  
**REGULATIONS, 2019**  
**(.... OF 2019)**

**TELECOM REGULATORY AUTHORITY OF INDIA**  
**NOTIFICATION**

**New Delhi, the 16<sup>th</sup> August 2019**

**File No. 15-01/2019-F&EA** ----- In exercise of the powers conferred upon it under section 36, read with sub-clauses(ii), (iii), (iv) and (v) of clause (b) of sub-section (1) of section 11, of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), the Telecom Regulatory Authority of India hereby makes the following regulations further to amend the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge Regulations, 2009 (9 of 2009), namely:-

1. (1) These regulations may be called the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2019 (... of 2019).

(2) They shall come into force from the 30<sup>th</sup> September 2019.

2. For regulation 3 of the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge Regulations, 2009, the following regulation shall be substituted, namely:

“3. **Per Port Transaction charge:-** The Per Port Transaction charge for each porting request shall be rupees five and seventy four paisa only”

**(S. K. Gupta)**  
**Secretary**

Note 1. The principal regulations were published vide No. 116-5/2009-MN dated 20<sup>th</sup> November 2009 (9 of 2009).

Note 2. The Explanatory Memorandum explains the objects and reasons of The Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2019 (... of 2019).

## **EXPLANATORY MEMORANDUM**

- 1.1 A subscriber can retain his existing mobile telephone number when he wishes to switch from one service provider to another or from one technology to another of the same service provider using Mobile Number Portability service within the same Licensed Service Area (LSA) as well as Pan India in any LSA. The Mobile Number Portability is operational in India since 2009, when MNP service licences were issued to two Mobile Number Portability Service Providers (MNPSPs) by DoT. DoT mandated MNP service licensees to follow the regulations/orders made or directions issued by Telecom Regulatory Authority of India (TRAI/Authority) under TRAI Act, 1997 or any instructions issued by the DoT (licensor) from time to time through amendments in licenses.
  
- 1.2 For the purpose of laying down the basic business process framework for implementation of MNP services in India, the Authority issued *Telecommunication Mobile Number Portability Regulations, 2009 (8 of 2009)* dated 23<sup>rd</sup> September, 2009 (MNP Regulations). These regulations have been amended from time to time, latest being in 2018.
  
- 1.3 By notifying *The Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge Regulations, 2009* dated 20<sup>th</sup> November, 2009 (MNP Charges Regulations), the Authority determined the *Per Port Transaction Charge* (PPTC) as Rs. 19/- to be paid by the recipient operator to the concerned MNPSP. In absence of actual historical data, this exercise was done based on estimated financial data and other information submitted by the two MNPSPs. The per port transaction charge was computed by taking the estimated total cost to the MNPSP and the estimated number of porting subscribers, over a period of 5 years. The Authority also considered the lower of the cost of the two MNPSPs for computing PPTC.

- 1.4 Further, through notification of the Telecommunication Tariff (Forty-Ninth Amendment) Order, 2009, the Authority prescribed the Per Port Transaction charge of Rs. 19/- as ceiling for the tariff that could be charged from subscriber by the recipient operator. The 'Dipping charge' was kept under forbearance.
- 1.5 Regulation 6(2) of the MNP Charges Regulations provides that "the Authority may review and modify the Per Port Transaction Charge and Dipping Charge at the end of one year from the date of these regulations coming into force".
- 1.6 In 2018, 'Per Port Transaction Charge' was reviewed based on the actual financial and non-financial data of both the MNPSPs as available for the financial year 2016-17. Accordingly, the Authority issued the *Telecommunications Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2018* on 31<sup>st</sup> January, 2018 whereby per port transaction charge was reduced from Rs. 19/- to Rs. 4/- for each successful porting. However, this amendment regulation was quashed by Hon'ble High Court of Delhi *vide* its Judgement dated 8<sup>th</sup> March, 2019.
- 1.7 Subsequently, the Authority had undertaken a detailed public consultation to review the MNP process itself. The Authority issued Telecommunication Mobile Number Portability (Seventh Amendment) Regulations, 2018 on 13<sup>th</sup> December, 2018 (7<sup>th</sup> Amendment) introducing certain changes in the MNP process to ensure better services to subscribers. These primarily involve shifting responsibility of generation of Unique Porting Code (UPC) from Donor Operator (DO) to MNPSP after making real time query with database of DO and sending of SMSs to the subscriber by the MNPSP for letting the subscriber know of her/his status in the various stages of the process. The regulation also delineated

the various ancillary services<sup>1</sup> that are already being provided by the MNPS, namely, Number return charge, Database download charge, Port cancellation charge, Subscriber reconnection charge and Non-payment disconnect charge.

- 1.8 In view of the above, the Authority initiated a public consultation process for review of the existing MNP Charges Regulations by issuing a consultation paper on 22<sup>nd</sup> February, 2019 (subsequently updated on 1<sup>st</sup> April, 2019 in view of the judgement of the Hon'ble High Court of Delhi, as mentioned above). The last date for receiving comments and counter comments from stakeholders originally was 15<sup>th</sup> March, 2019 and 22<sup>nd</sup> March, 2019, respectively. However, considering the requests of stakeholders, the last date for receiving comments and counter comments was extended up to 12<sup>th</sup> April, 2019 and 19<sup>th</sup> April, 2019 respectively. An Open House Discussion in this regard was also held on 27<sup>th</sup> May, 2019. MNPSs and TSPs have also submitted further additional comments after the open house discussion.
- 1.9 *Vide* letter dated 7<sup>th</sup> May, 2019 and subsequent reminders, the two MNPSs were asked to provide details of capital expenditure (CAPEX) and operating expenditure (OPEX) along with copies of audited annual accounts for the financial year 2018-19. The audited financial results for the FY 2018-19 were submitted by M/s Syniverse on 22<sup>nd</sup> July, 2019. M/s MNP Interconnection Telecom Solutions India Pvt. Ltd. (MITS) submitted the audited financial results for the FY 2018-19 for MNP business on 28<sup>th</sup> June, 2019.
- 1.10 The major telecom service providers (TSPs) were also called upon to provide cost inputs for hardware and software requirement for the additional work involved due to changes introduced by 7<sup>th</sup> Amendment and probable expenditure *vide* letter dated 25<sup>th</sup> June, 2019, the responses to which were also considered by the Authority.

---

<sup>1</sup> Details of these ancillary charges are available in subsequent paras of the Explanatory Memorandum, where the issue of ancillary charges has been dealt with.

1.11 The two MNPSPs also submitted the estimates for the additional work required due to the 7<sup>th</sup> Amendment. The two MNPSPs were called upon to make a presentation on architectural framework and additional hardware/software required to implement the changes in the MNP process along with the justification for the additional expenditure, which was made by both the MNPSPs on 24<sup>th</sup> July, 2019. During the presentation, it was highlighted by both the MNPSPs that the additional cost estimates given for implementation of 7<sup>th</sup> Amendment includes costs to be incurred for supporting ongoing/existing operations as well as changes envisaged under 7<sup>th</sup> Amendment. Accordingly, both were asked to segregate the two cost components. One of the MNPSPs submitted revised cost estimates after splitting cost between current operations and 7<sup>th</sup> Amendment requirements on 28<sup>th</sup> July, 2019. The other MNPSP *vide* letter dated 2<sup>nd</sup> August, 2019 informed that such segregation is not possible.

**Issues raised in the consultation paper and the analysis of the inputs for the consideration of decision by Authority**

1.12 In view of the foregoing, following questions were raised in order to obtain the views of the stakeholders on review of Mobile Number Portability Per Port Transaction Charge and other charges. Written comments and counter comments of stakeholders are available at [www.trai.gov.in](http://www.trai.gov.in) along with the consultation paper. The subsequent paras illustrate the issues raised in the consultation paper along with the rationale for conclusion and decision of the Authority.

**Whether the ‘Per Port Transaction Charges’ should continue to be calculated based on the methodology adopted by TRAI during the review done in the past? If not, please suggest methodology and supplement it with the detailed calculations indicating costs of hardware, software and other resources etc.**

1.13 Few stakeholders have submitted that existing methodology should be continued whereas few others have suggested certain modifications. One MNPSP has *inter alia* suggested that tariff review should happen on a 5-year basis instead of an annual basis whereas the other MNPSP has suggested to review the same every three years. It has been argued by them that volume of the Mobile Number Portability used for tariff calculation should be based on sufficiently longer period after adjusting non-recurring porting volume changes, working capital requirement to be changed to 3 months from 1 month to factor in late payments by TSPs, return on capital employed should be higher than 15%, *etc.* It has also been submitted by MNPSPs that all costs incurred by them should be considered and genuine business cost for which evidence is on record should not be disallowed. Further, for calculating PPTC, one of the MNPSPs mentioned that the average of both MNPSPs' (operations & business) costs should be considered instead of lower of two because both the MNPSPs operate under different environment and average of two would be best and appropriate method to adopt. They have suggested that PPTC should be stable over a period of time and review should be done after 3 years with a 6-month price implementation period. One MNPSP has submitted that "Cherry Picking" of lower costs between the two MNPSPs should not be done and costs of one MNPSP should be taken as a whole.

1.14 In this regard, another stakeholder has submitted that TRAI should base the PPTC on '*lower of the two*' MNPSPs' costs, as averaging the costs of two MNPSPs would not reflect the cost of an efficient MNPSP thereby penalizing the Mobile Network Operators (MNOs) by supporting inefficient MNPSP. Further, provision of bad debts in the cost calculations would result in imposition of penalty on the MNOs who make timely payments to MNPSPs. Such issues of non-payment/late payment by MNOs should be resolved between MNPSPs and MNOs under the legal framework. It has also been submitted by few stakeholders that cost of royalty/

consultancy/ licensing cannot be recovered from the MNOs for perpetuity.

- 1.15 Another stakeholder has commented that both MNPSPs are rendering their services in a monopolistic market, as there is no other supplier of MNP services in their respective zones. In such a scenario, it is essential that the charges are fixed on cost plus basis so that no undue advantage is bestowed to the MNPSPs.
- 1.16 Few stakeholders have submitted that due to substantial increase in the port volume in recent years without any significant increase in costs, the MNPSPs have already earned an excess amount after covering all the costs. They have suggested that excess recovery by MNPSPs should be adjusted in future calculations of PPTC.
- 1.17 One stakeholder has commented that cost incurred by MNPSPs for implementation of the 7<sup>th</sup> Amendment will not materially change as MNPSPs will largely be utilizing the existing network of the MNOs to cater to changed processes with marginal hardware, software and operational costs at their end. It has been submitted that additional cost would be around 1-3% of the MNPSP's present cost. In this regard, one MNPSP has commented that the assumption of 1-3% is premature and beyond the scope of the TSPs to accurately estimate these costs.
- 1.18 Another stakeholder has commented that the review should be carried out based on actual audited data of the MNPSPs and estimates on the cost to be borne under revised process. However, the Authority should keep a provision for further review after one year when the actual audited financial and non-financial data would be available. It has also been submitted that separate exercise should be done for both the MNPSPs to arrive at per port transaction considering all porting requests processed. This number should be marked up on the basis of the percentage of cancelled or rejected requests. Thereafter, a charge for ancillary services

may be added to derive a per port transaction charge for both MNPSPs. It has also been suggested that the lower of these numbers should be fixed as the per port transaction charge, as Indian consumers should not suffer for inefficiencies of one MNPSP. With regard to this point, one MNPSP has commented that this approach of marking up for unsuccessful ports would reward operators which submit frivolous ports that lead to large number of errors. The cost of these failed ports will then be paid by other operators with better processes and control. Further, this approach is stated to assume that ratio of failed to successful ports is constant which is not true.

- 1.19 One stakeholder has submitted that the Authority should share the financial and non-financial data of the MNPSPs including for the years 2017-18 and 2018-19 and their projected costs for detailed consultation with other stakeholders. Both the incumbent MNPSPs contested this assertion in OHD and said that it should not be done.
- 1.20 One stakeholder has stated that there should be separate charges for UPC Request Generation in addition to the Per Port Transaction Charge as there are significant and incremental costs to comply with the 7<sup>th</sup> Amendment by the MNPSPs to receive a UPC request, query the donor operator, generate the UPC or rejection reason, send that UPC or rejection reason. In this regard, another stakeholder has commented that all costs should be subsumed under the PPTC as a separate charge for UPC Request Generation would imply that the Donor Operators will need to charge the subscribers for UPC generation activity in order to make payments to the MNPSPs, which will be detrimental to the interests of subscribers
- 1.21 Many stakeholders have also recommended the exclusion of royalty and consultancy charges from the cost calculations by TRAI. Another stakeholder submitted that cost related to licensing and royalty should be discounted, as the same should not be applicable on a simple regulatory process for such a long duration. Stakeholders also commented on such

costs being incurred in perpetuity despite the MNPSPs having gained enough expertise.

## **Analysis**

1.22 The Authority analysed the submissions made and the issues involved. It decided to consider the following while arriving at the mobile number per port portability charges:

- i. Unlike the year 2009 when the PPTC were initially computed in the absence of historical cost data, presently sufficient information on previous years' audited historical cost data is available with the Authority. Accordingly, the Authority decided to use audited historical cost data as the base for computing PPTC for the existing MNP process. Further, the 7<sup>th</sup> Amendment introduced certain changes in the MNP process for which the MNPSPs may have to make some modifications in the existing setup. Accordingly, the Authority sought the cost estimate from the stakeholders in relation to additional work involved for implementation of 7<sup>th</sup> Amendment so that the same can be appropriately considered while calculating PPTC. The responses received from all the stakeholders have been considered for computing incremental cost component of PPTC on account of additional work involved for implementation of 7<sup>th</sup> Amendment by MNPSPs.
- ii. In relation to the cost and port volume data to be considered for computing PPTC, one of the MNPSP suggested to use three-year cost and port volume data to determine PPTC. The other MNPSP has suggested to consider port volume of last five financial years. In this regard, the Authority observed that the port volume has seen some volatility in the past few years. The porting volumes have varied from 636 lakhs in 2016-17 to 981 lakhs in 2017-18 to 576 lakhs in 2018-19. As such, the Authority decided that to get a

reasonable estimate of the porting volumes and costs, it may be necessary to have an average of sufficient number of years, so that the highs and lows of particular years may not distort the results. Besides, full mobile number portability was introduced in India in July, 2015. Therefore, it would be logical to compare the porting volumes thereafter, as they would give a more reasonable and accurate estimate than comparing with the volumes earlier, when only intra-circle MNP was in place. This has also been suggested by one of the MNPSs. As such, the Authority decided to take the average of the costs and porting volumes of a three-year period, from 2016-17 to 2018-19, into account for arriving at the Per Port Transaction Charge (PPTC).

- iii. The MNPSs have also submitted that total and actual costs of each of the MNPS should be considered as a whole for determining PPTC. In view of this submission and in line with TRAI's standard practise of determining tariff on the basis of costs of the most efficient operator, the Authority decided to take the 'lower' of the two MNPSs' total costs for determining the PPTC (including royalty/license fee, as indicated in the audited financial statements). In this regard, the MNPSs have contended that average of both MNPSs' costs should be considered instead of lower of two as they operate in different environment. However, the Authority decides that an inefficient operator should not be rewarded for its inefficiency by a higher tariff determination based on its higher cost structure. Rather, a reasonable tariff determination based on the cost structure of the efficient player would compel the inefficient player to achieve efficiency in its operations by reducing its cost. Moreover, deciding a higher tariff would be detrimental to the interest of the recipient operator/subscriber.
- iv. One of the MNPSs has also submitted that bad debts incurred by MNPSs as a result of non-payment or delayed payment by the

operators should also be considered as a cost component while computing PPTC. The Authority has carefully considered the issue and determines that non-payment or delayed payment between the MNPSPs and the operators is a commercial dispute between the two and same cannot be a cost component for computing PPTC. Absorption of bad debts in computation of PPTC would disincentivise the MNPSPs to take good faith efforts to recover outstanding debt. Moreover, as commented by other stakeholders, provisioning of bad debts in the cost would inflate PPTC which would be akin to imposition of penalty on the MNOs who make timely payments to MNPSPs in the form of inflated PPTC. Besides, Bad Debts are part of selling overheads in cost sheet, whereas for tariff determination only cost of production/rendering services should be included. Selling overheads can be part of total cost if the entity is required to incur selling overheads to market its product/services. However, in the instant case, there is no requirement of incurring selling overheads and therefore these should be excluded from cost calculation. As such, the Authority decided to exclude Bad Debts as a cost component for the purpose of calculating PPTC.

- v. The Authority also decided to take the audited financial statements of the two MNPSPs into account for determining the costs involved. This ensures that the costs are not based on any estimation but are actual costs incurred by the MNPSPs in providing their services.
- vi. From the analysis of the costs incurred by MNPSPs in the last three years, it is observed that the costs on account of consultancy and related charges for one MNPSP is almost 80%, which is exorbitant by any standards.
- vii. The two MNPSPs have suggested to increase return on capital employed (ROCE) (35% suggested by one MNPSP) as against present 15%. The MNPSPs have primarily cited tax rates, inflation,

legal costs and currency fluctuation as reasons for increasing ROCE. These are discussed below:

- (a) Tax Rates: Historically, the ROCE @ 15% includes tax element at the applicable rates. Therefore, unless and until there is significant changes in the applicable tax rates, the Authority does not find any reason to adjust the ROCE rate.
  - (b) Inflation: The inflation is reflected in the historical cost structure of the company which gets inflated every year due to prevailing rate of inflation in the economy. In the present case, the Authority has already considered the historical costs of the MNPSPs to determine tariff and therefore, there is no further need to adjust ROCE for inflation again. Further, the inflation is already represented in the existing ROCE.
  - (c) Legal costs: These have already been considered as part of the historical cost of the MNPSPs and making another provision for the same in ROCE would result in double accounting.
  - (d) Currency fluctuation: The quantum of currency fluctuation loss, as reflected in the audited financial statement of the MNPSPs, is insignificant and therefore, it would not impact the overall ROCE determination. Further, currency fluctuations may result in loss as well as profit depending upon on the exchange rate movement and therefore, there no merit in considering currency fluctuation in such exercises.
- viii. As such, the Authority determines that ROCE @ 35% is exorbitantly high and 15% is a reasonable return on the capital employed. The MNPSPs have also not furnished any compelling reason for reconsideration of the ROCE rate. Therefore, in line with the existing practice, the Authority has considered return on capital employed @ 15% for determining the total cost.

**While calculating ‘Per Port Transaction Charge’, whether the total number of MNP requests received by MNPSP or successfully ported numbers be considered? Please justify your response.**

1.23 In this regard, most of the stakeholders have commented that while calculating PPTC, total number of MNP requests received by MNPSP should be considered. Few other have commented that only successful porting requests should be considered for calculating PPTC. In this regard, one stakeholder has commented that with the implementation of the 7<sup>th</sup> Amendment, gap between porting requests and successful port would reduce and therefore the same will not have any substantial financial impact on the MNPSPs. Another stakeholder has commented that MNPSPs have to incur cost even in case of an unsuccessful porting which are generally more expensive than successful ones. It was also submitted that PPTC based on successful ports will be higher as compared to PPTC based on total port requests. Therefore, the customers who successfully port will end up subsidising and paying for the free porting attempts made by non-serious subscribers or subscribers who submit incorrect documents.

### **Analysis**

1.24 In this relation, the Authority observed that the gap between total porting requests and successful porting has been reducing over the years and is likely to reduce further after the 7<sup>th</sup> Amendment comes into force. Besides, the MNPSP has to incur costs even on unsuccessful porting requests. Further, in many cases, the failure of a porting request could be due to reasons beyond the control of the MNPSP. As such, the Authority decided to take each porting request into consideration for determining the PPTC. As already mentioned, most of the stakeholders have also suggested to consider total number of port requests.

### **Determination of PPTC**

1.25 Based on the above considerations, the Authority has arrived at the following PPTC for the existing services provided by MNPSPs:

<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
Total Cost* for 3 years	Rs in Lacs	6011.19
Actual porting for 3 years	in Lacs	1102.08
Porting charges per port	in Rs	5.45

*\* Excluding bad debts/provision for bad debts and foreign exchange losses (Even if foreign exchange losses are considered, it would not impact the PPTC computation significantly)*

### **Incremental Component of PPTC**

- 1.26 The 7<sup>th</sup> Amendment, as discussed earlier, provides for a some changes in the flow of the MNP process like UPC generation by MNPSP instead of DO after real-time query from the DO database and the MNPSP sending status notifications to the subscriber. The MNPSPs may incur some CAPEX and OPEX to implement changes envisaged under 7<sup>th</sup> Amendment. Accordingly, for computation of incremental component of PPTC on account of additional work involved for implementation of 7<sup>th</sup> Amendment, the Authority sought cost estimates from MNPSPs as well as TSPs in relation to additional work involved for implementation of 7<sup>th</sup> Amendment. However, the cost estimate given by the MNPSP, whose total costs are lower, includes cost to be incurred for supporting ongoing/existing operations as well as additional work envisaged under 7<sup>th</sup> Amendment. Despite repeated requests, the segregation of the two cost components have not been provided to the Authority by the said MNPSP. Accordingly, the Authority has used the data provided by the stakeholders, including MNPSPs and TSPs (who are presently engaged in UPC generation and associated processes), for determining incremental component of PPTC on account of additional work involved for implementation of 7<sup>th</sup> Amendment.
- 1.27 The MNPSPs have submitted that they need to add personnel to address incremental responsibilities. However, the Authority determines that the additional work involved on account of 7<sup>th</sup> Amendment would largely be automated with no or minimal human intervention and the existing

personnel deployed by MNPSPs in the current operations would be sufficient to undertake the additional work envisaged under 7<sup>th</sup> Amendment.

- 1.28 The MNPSPs may have to do some minor software and hardware modifications in their existing system. During the presentation mentioned above, one of the MNPSPs has even submitted that in the short-term, changes required for 7<sup>th</sup> Amendment will be made in the current system itself. This implies that software and hardware changes required to implement the changes should be minimal. Another MNPSP has submitted that for implementation of 7<sup>th</sup> Amendment, it would require total 4 units of hardware components (i.e. one storage unit, one tool for ITSM/network and system monitoring and 2 units of SMPP servers). Accordingly, the Authority finds that the additional work involved for implementation of 7<sup>th</sup> Amendment is not likely to result in substantial additional CAPEX and OPEX to be incurred by MNPSPs.
- 1.29 The cost should be minimal if the marginal capacity in the present hardware is utilised using open source software or existing licensed software to implement the changes required as per the 7<sup>th</sup> Amendment. Even if it is allowed that new additional hardware and separate licensed software is used to implement the changes, the total cost on account of additional work involved for implementation of 7<sup>th</sup> Amendment would be approximately Rs. 87 lakhs per annum. In calculating this, the Authority has considered depreciation of the capital expenditure on hardware and software development/licensing as per the provisions of the Companies Act, 2013, along with related operating expenditure. Considering an average porting request volume of 367 lakhs per annum (i.e. average of last three financial years), the Authority determines that an additional cost of 23 paise per port request is sufficient to cover the additional requirements of hardware and software, if required by the MNPSPs. This would also adequately cover the cost of handling UPC requests by the MNPSPs under the 7<sup>th</sup> Amendment. Thus, the PPTC to cover the entire MNP process, as per the 7<sup>th</sup> Amendment to MNP regulations works out to:

<b>Particulars</b>	<b>Unit</b>	<b>Amount</b>
Total Cost for 3 years	Rs. in Lakh	6011.19
No. of porting requests received	in Lakh	1102.08
Per Port Transaction Cost	in Rs.	5.45
Incremental component of PPTC	in Rs.	0.23
Total Per Port Transaction Cost	In Rs.	5.68
Licence Fee @1%	in Rs.	0.06
<b>Per Port Transaction Charge</b>	<b>in Rs.</b>	<b>5.74</b>

1.30 The MNPSs have also submitted that the Authority should review the tariff on a 3-year basis instead of an annual basis as it would provide stability and continuity to the business. The Authority has considered this and notes that for determining incremental component of PPTC , actual cost data related to software and hardware requirements is not available and the same would be available only after these changes are implemented and the Bills of Material generated/expenses incurred. One of the MNPSs has also submitted that all the costs of complying with 7<sup>th</sup> Amendment as well as UPC volume are not known at the time of launch. The other MNPS has also submitted that tariff can be reviewed in the intervening period in case of any exigency. As such, the Authority has decided to consider reviewing the PPTC after one year, if required.

### **Review of Ancillary Charges**

1.31 During the consultation process preceding the 7<sup>th</sup> Amendment to MNP Regulations, issue of ancillary service charges was raised for the comments of the stakeholders. After examination of the comments of the stakeholders, the Authority noted that the provision for ancillary service charges shall remain in the regulations subject to consultation at the time of defining the actual amount of charges or otherwise will be subsumed in per port transaction charges.

1.32 Accordingly, following question was raised for comments of the stakeholders:

**Should the charges for 'Per Port Transaction' and 'ancillary services' be determined separately or consolidated charges. Please justify your response along with detailed calculations indicating cost of hardware, software, other resources and overhead etc. in addition to the rationale for adoption of the method suggested by you.**

1.33 The stakeholders were required to provide comments on the two options as described below for determining 'Per Port Transaction Charge' and other charges termed as ancillary charges: -

- (i) Based on the cost incurred, separate charges for 'Per Port Transaction Charge', 'Number Return Charge', 'Database download charge', 'Port cancellation charge', 'Subscriber Reconnection Charge' and 'Non-payment disconnect charge' may be determined; or alternatively,
- (ii) Only one charge *i.e.* 'Per Port Transaction Charge' may be made applicable and cost of all other charges termed as 'ancillary charges' may be subsumed in the 'Per Port Transaction Charge'.

1.34 In this regard, most of the stakeholders have submitted that there should be a consolidated per port transaction charge subsuming the charges for ancillary services also. One stakeholder has commented that Number Return, Subscriber Reconnection and Non-payment disconnection should be charged separately, whereas Port cancellation charge should be included in PPTC. Further, Database Download to be provided free of charge. One of the MNSPS also proposed to set a quota per operator for database download to avoid egregious abuse by frequent downloads.

## Analysis

1.35 In the Telecommunication Mobile Number Portability (Seventh Amendment) Regulations, 2018, the provision of ancillary service charges payable to MNPSP have been made in the regulation for the activities to be performed as mentioned below:

- (a) **Number Return Charge** for facilitation of returning the mobile number to Number Range Holder after disconnection due to any reason including non-payment.
- (b) **Database download charge** for downloading the Number Portability Database by the Access Provider.
- (c) **Port cancellation charge** for execution of 'Port withdrawal' request of the subscriber of Donor operator.
- (d) **Subscriber Reconnection Charge** for facilitation of reconnecting the ported subscriber of Recipient Operator in its network.
- (e) **Non-payment disconnect charge** for facilitation of disconnection of the mobile number of the postpaid subscriber who has not cleared the dues of the Donor Operator after porting his number.

1.36 In relation to separate charges for ancillary services, it is noted that PPTC has been determined on the 'cost-plus' basis. This implies that all the costs of the MNPSP in providing 'all' its services are taken into account while arriving at the PPTC. It may be noted that the ancillary services, as listed out in the 7<sup>th</sup> Amendment to the MNP Regulations, are already being provided by the MNPSPs as brought out in the following table:

**Table: Information of ancillary activities for the period Jan-Dec 2018**

<b>MNPSP Zone</b>	<b>No. of Number Return requests received</b>	<b>Total instances of Database download</b>	<b>No. of Port cancellation requests received</b>	<b>No. of Subscriber Reconnection requests received</b>	<b>No. of NPD requests received</b>
Zone I	9351497	954	107517	787266	1620505

Zone II	7691841	1499	14972	NIL <sup>2</sup>	480104
Total	17043338	2453	122489	787266	2100609
Avg. per month	1420278	204	10207	65606	175051

1.37 The Authority has used a ‘Cost Plus’ approach in determining the PPTC. As such, while factoring in the total costs in providing services for previous three financial years, the costs of providing the ancillary services are also included. In considering the costs of previous three financial years, the costs of any software and hardware changes made by the MNPSPs has also been considered. The Authority, therefore, determines that separate charges for providing ‘ancillary’ services are not necessary as the costs for providing all the services have been considered in arriving at the PPTC. Further, considering the present volume of database download, the Authority decided that setting any quota for database download by the TSPs is not required.

### **Review of Dipping Charges**

1.38 The following question was raised for the comments of the stakeholders:

**Whether the Dipping charge, which is presently under forbearance, needs to be reviewed? If yes, suggest the methodology to determine the rate of dipping charge. Support your response with justification.**

1.39 Most of the stakeholders have commented that Dipping charges should continue to be under forbearance and any service provider that requires the dipping services from the MNPSPs can avail the same on mutually agreed terms with the MNPSPs. One of the stakeholders has commented that till date, no operator has used this service and therefore, the MNPSPs should be allowed to remove the related infrastructure that adds to additional cost.

---

<sup>2</sup> Zone II has not provided any data related to subscriber reconnection requests received

1.40 After analysing the comments and counter comments received from various stakeholders, the Authority decides that the Dipping charge will continue to be under forbearance. Dipping charges may be mutually decided by the MNPSP and the access provider or the ILDO who desires to utilise the query response system of the MNPSP.

### **Review of Porting charge payable by subscribers**

1.41 The Telecommunication Tariff (Forty-Ninth Amendment) Order, 2009 prescribed the Per Port Transaction Charge, as provided under the MNP Charges Regulations, as ceiling for the tariff that could be charged from subscriber by the recipient operator. Accordingly, following question was raised for the comments of the stakeholders:

**Whether the porting charge payable by the subscriber to the recipient operator should continue to be prescribed as a ceiling charge as per the current practice. If no, please suggest methodology and various consideration for calculating porting charge payable by subscribers.**

1.42 Almost all the stakeholders have suggested to continue the existing practice. In this regard, one of the stakeholders has commented that due to fierce competition in the telecom market, porting charges, which is payable by customer generating porting request, are being absorbed by the recipient operators.

1.43 Another stakeholder has commented that recently due to closure of few TSPs and ongoing consolidation in the sector, the subscribers had to resort to forced porting and therefore, in the interest of the subscribers, no charges should be payable for forced porting.

1.44 After analysing the issues at hand, the Authority determined that the existing practice of Per Port Transaction Charges shall continue to be the ceiling for the porting charges payable by the subscriber to the recipient operator.

**Effective date for new PPTC**

1.45 During the consultation process, one stakeholder submitted that the new tariff should be implemented with retrospective effect i.e. 31.01.2018. In this regard, the MNPSPs have submitted that the new tariff should not be implemented with retrospective effect and any changes in PPTC pursuant to 7<sup>th</sup> Amendment should be made effective at the same date as the obligations of the MNPSPs under the 7<sup>th</sup> Amendment becomes effective. The Authority has decided that the present amendment to the PPTC would come into effect from 30<sup>th</sup> September, 2019.