

RJIL/TRAI/2019-20/20
12th April 2019

To,
Sh. Amit Sharma
Advisor (F&EA),
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg, New Delhi 110002

Subject: Comments on “Updated Consultation Paper on Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability” released on 01.04.2019.

Dear Sir,

Please find enclosed comments of Reliance Jio Infocomm Ltd. on the “Updated Consultation Paper on Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability” released on 01.04.2019, for your kind consideration.

Thanking You,
For **Reliance Jio Infocomm Limited,**


Kapoor Singh Guliani
Authorised Signatory



Enclosure: As above.

**RELIANCE JIO INFOCOMM LTD'S COMMENTS ON TRAI'S CONSULTATION PAPER ON
"REVIEW OF PER PORT TRANSACTION CHARGE AND OTHER RELATED CHARGES FOR
MOBILE NUMBER PORTABILITY (MNP)"
(Consultation Paper dated 01st April 2019)**

General Comments:

1. At the outset, we thank the Authority for revising the Mobile Number Portability (MNP) process to make it more consumer friendly and less time consuming. The changes in the MNP process will greatly benefit all the stakeholders including the Mobile Number Portability Service Providers (MNPSPs) and reduce the customer discomfit due to illegal denial of MNP.
2. Needless to state that subsequent to implementation of 7th Amendment to MNP Regulations, the MNPSPs will have a much larger role to play as they will also be validators of the MNP requests and will no longer remain mere clearing house and data repository operations only. Their enhanced role implies newer software and hardware infusion and thus increased cost of operations. Reliance Jio Infocomm Limited (RJIL) appreciates the fact that MNPSPs have no other source to recover these costs than the per port transaction charge and dipping charge and the same should be reviewed post the 7th Amendment to MNP Regulations.
3. However, before considering any upward revision of per port charge owing to the increased role of the MNPSPs, it is important to appreciate that vide the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2018 (03 of 2018) dated 31st January 2018, the Authority had reduced the per port charge to Rs. 4 for every successful request in light of the undisputed reduction in MNPSPs' costs as well as the steep increase in the volume of porting requests. While these Regulations have now been set aside by the Hon'ble High Court of Delhi vide its judgment dated 8th March 2019, the basis / rationale behind the reduction in the per port charge – viz., decline in costs of the MNPSPs and a tremendous upsurge in the volume of porting requests – cannot be disputed. For these and other reasons, RJIL has also preferred a Review Petition against the judgment dated 8th March 2019, seeking that the Authority be at liberty to recompute the per port charge based on the prevailing cost and other non-financial data, or alternatively, that the judgment apply prospectively. However, notwithstanding the outcome of the Review Petitions preferred by RJIL, it is submitted that any revision to the per port charge take into account the fact of increased porting within the telecommunications sector and that for several years, the MNPSPs have made supernormal profits owing to an exorbitant per port charge.



4. As the Authority is aware, the initial per port transaction charge of Rs. 19 was fixed basis the cost estimates provided by the MNPSPs and was supposed to be reviewed after one year. However, once the review was carried out with actual audited costs and the actual number of porting requests, it was found that the per port transaction charge of Rs. 19/- was grossly exaggerated and was providing super-normal profits to the MNPSPs at the cost of hapless subscribers. Further, as the number of porting requests had surged post the implementation of inter-circle MNP or full MNP, it is also clear that the porting surge is due to permanent factors and not due to transitional consolidation phase in the industry.
5. The Authority had followed a simple cost based financial analysis to determine the per port transaction charges during the first instance and same process was followed during the review in 2018 and the same process can be continued taking also into account the Hon'ble High Court's observations and implementation of the revised MNP process.
6. The Authority should take into consideration the audited financial details of the MNPSPs to arrive at total costs. The consultancy and licensing costs should be discounted as the service is in operation for over 8 years and the MNPSPs should not be requiring the same for such long periods for simple processes. Further, the per port transaction charge should be re-evaluated after one year post the availability of financial and non-financial details under the revised process, so that estimations, if any are replaced with hard factual data and deviations, if any, in the porting request number should also be accounted for.
7. We submit that the consumers in the country have been using the MNP Process to enhance the quality of service effectively over the years and the trend is expected to continue unabatedly, thus there is no reason to doubt that the MNP transactions will fall drastically post the recent exit by a few players as well as merger/acquisition of other players. In fact, this has not been the experience in the financial year 2018-19 and there is no reason why this secular trend of increased porting requests should not continue. It is important to note that concerns of porting requests declining owing to sector consolidation had also been raised during the 2017 round of consultation on this issue – and yet the data for 2018 has shown otherwise. According to the data released by the Authority itself, porting requests in 2018-19 increased by 82%¹
8. RJIL reiterates its previous submissions that under the revised process, there is no possibility of MNP rejections exceeding a small fraction of total porting requests, thus

¹ Pro-rated based on actual data available till December 2018.



the per port transaction charge should be fixed only on successful transactions. Further, as the MNPSP would be required to perform many activities even in case of rejected cases under the new regime, a small mark-up for the same should be prescribed to cover this cost.

9. Further, we are also in favor of one single charge to cover porting as well as other ancillary activities, which should be borne by the Recipient Operator (RO) as a single charge. The Authority is requested to prescribe this cost-based charge as part of per port transaction charge and also delineate the ancillary activities as well.
10. We also submit that the dipping charge should remain under forbearance and the per port transaction charge should continue acting as ceiling for porting charge payable by a subscriber.

11. Conclusion:

1. The Authority is requested to review the per port transaction charge in view of the increased role and responsibilities of MNPSPs and supernormal profits accorded in Rs. 19 per port transaction charge.
2. There should be only one single charge that should also include the charge for ancillary services.
3. No change is required as far as dipping charge and porting charge payable by a subscriber are concerned.

Issue wise response:

Question 1. 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.

RJIL Response:

1. We submit that, in view of the Hon'ble High Court's observations, there are minor adjustments required in the methodology used by TRAI during the review in 2018. The review should be carried out basis actual audited data of the MNPSP and estimates on the cost to be borne under revised process that are not available in audited records. The Authority should make assumptions for the cost associated with all new hardware/software additions as well as the cost for additional processes, basis the invoices/projections shared by the MNPSPs. The Authority should keep a provision for



further review one year down the line when the actual audited financial, non-financial data would be available.

2. As mentioned in the general comments, the cost related to licensing and royalty should be discounted, as the same should not be applicable on a simple regulatory defined process for such long durations.
3. We also submit that during this exercise adequate weightage should also be given to the excess recovery made by MNPSPs over the years due to inflated per porting charge of Rs.19, which remained applicable for over 8 years.
4. Further, the Authority is requested to carry out separate exercise for both the MNPSPs and arrive at separate cost for per port transaction basis all porting requests processed. This number should be marked up basis the percentage of cancelled or rejected requests. Thereafter the Authority may also add a charge for ancillary services to be provided and derive a per port transaction charge for both MNPSPs and 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.
5. With regards to the concerns that the porting numbers were exceptionally high due to closure of business as well as consolidation activities in the industry, we submit that the same are not valid. It is pertinent to note that the major increase in portability was seen post the implementation of inter-service area portability. Of course, there have been temporary increases due to shutting down of services by the a few service providers, however, that effect is normalized by now. Further, the impact of industry consolidation should also be available in one years' time at the most. Thus, it would be advisable to reevaluate the porting charges once again after one year.

Question 2. 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.

RJIL Response:

1. As the Authority has itself stated in the Explanatory Memorandum to the 7th Amendment to the MNP Regulations, one of the main reasons for failure / rejection of porting requests was on the ground of UPC mismatch or an expired UPC. With the implementation of the 7th Amendment to MNP Regulations, the likelihood of porting rejections would be greatly reduced as the MNPSP can directly query the database of the DO and ascertain whether the subscriber is eligible to port or not – and thereafter proceed to issue to UPC, thus reducing the chances of porting requests failing on the



ground of UPC mismatch or failure. As this is likely to significantly reduce the gap between the total number of MNP requests and successful porting requests. It is submitted that making the charges applicable only to successful porting will not have any substantial financial impact on the MNPSPs.

Question 3. 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.

RJIL Response:

1. RJIL had earlier also submitted that the proposal to charge for the ancillary services such as bulk database downloads is valid, however, appropriate cost analysis should be carried out before that. We appreciate that the MNPSPs are diverting resources facilitate the ancillary services, while at the same time ensuring the consistency of information in the system, thus should be appropriately compensated.
2. We submit that a cost element should be linked to ancillary services, however, the charge for providing ancillary services should be absorbed as part of total per port transaction charge. Further, the ancillary services provided by the MNPSPs should be clearly delineated so as to avoid any further discontent over the same.

Question 4. 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.

And

Question 5. 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.

RJIL Response:

RJIL submits that there is no case to review the current policy of forbearance for dipping charge and per port transaction charge as ceiling for the porting charges payable by the subscriber and there is no change to alter the same.



Reliance Jio Infocomm Ltd

Question 6. Any other relevant issue that you would like to highlight on the MNP related charges?

RJIL Response: None at the moment

The above submission is without prejudice to our rights and contentions on this matter.

