

VIL/LT/19-20/011  
12<sup>th</sup> April 2019

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Mahanagar Doorsanchar Bhawan  
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New Delhi – 110 002

**Subject : Vodafone Idea's Response to TRAI Consultation Paper on Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability**  
**Reference : TRAI Consultation Paper dated 22.02.2019 and updated Consultation Paper dated 01.04.2019**

Dear Sir,

This is in reference to the consultation paper on Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability issued on 22.02.2019 and updated consultation paper issued on 01.04.2019.

Please find enclosed our comments on the questions raised in the captioned consultation on 'Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability' as Annexure A.

We request you kind consideration and support on our submissions.

Thanking You

Yours Sincerely,  
For **Vodafone Idea Limited**



**P Balaji**  
Chief Regulatory & Corporate Affairs Officer

**Vodafone Idea's Response to TRAI Consultation Paper dated February 22, 2019 and updated Consultation Paper dated April 1st, 2019 on 'Review of Per Port Transaction Charge and Other Related Charges for Mobile Number Portability'**

**PRELIMINARY SUBMISSIONS:**

1. The Per Port Transaction Charge (PPTC) should be based on costs and on the principles of work done, to ensure that subscribers are not adversely impacted in their porting requests, as these costs are ultimately borne by the subscribers.

We believe that the PPTC of Rs. 4 is much closer to any cost based rate and it may only require some adjustments. Further, with the industry presently undertaking the activity of readiness towards implementation of 'The Telecommunications MNP (7<sup>th</sup>) Amendment Regulations', 2018, which is to be made effective from 1<sup>st</sup> June 2019, we have assessed this new regulation against the earlier process and have arrived at the conclusion that the PPTC of Rs. 4 would not materially change with this implementation, as the MNP service providers (MNPSPs) will largely be utilizing the networks of the Mobile Network Operators (MNOs) to cater to the changed processes with marginal hardware, software and operational costs (if any) at their end, with many activities that are now entrusted to the MNPSPs being already served by them since inception.

2. As MNPSPs provide hardware and software based services, the costing should not be abnormally high. There is a clear need of rationalized costs for such software and hardware services being provided by MNPSPs.
3. The Authority should also review the PPTC cost in accordance with the Hon'ble Delhi High Court judgment and issue the same at the earliest so that MNOs and MNPSPs can settle payments in the interim period till the implementation date of the 7<sup>th</sup> amendment.
4. In case the MNPSPs are of the view that the PPTC of Rs. 4 needs significant revision, particularly on account of the 7<sup>th</sup> amendment, then a review of the MNP process (particularly the 7<sup>th</sup> amendment) is required to be initiated to ensure that the costs of each activity being performed by the MNPSPs are properly computed basis the systems deployed and MNP process architecture designed/deployed by the MNPSPs, so that the MNP process is not exorbitant or complex for the subscribers and MNOs alike. There should not be a situation where a particular process under consideration for implementation is considered by MNPSPs to be requiring significant investment while the outcome of that process does not deliver the best outcomes for subscribers and MNOs alike. It is respectfully submitted if such a situation arises, then the processes under consideration for implementation by MNPSPs (particularly the 7<sup>th</sup> amendment) should be reviewed in coordination and consultation with MNOs to ensure that the processes are accordingly optimally re-aligned without incurring significant costs on the MNOs as well as the MNPSPs, which may ultimately be having a bearing on costs borne by the subscribers.

**Issue-wise Response:**

**Q1. 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.**

A1. Yes, the PPTC should continue to be calculated based on costs and on the principles of work done.

As a principle, the costing methodology/approach should consider all relevant costs and provide for reasonable return/fair compensation to the activities undertaken. It is requested that the methodology and detailed calculations submitted by the MNSPs during this consultation should also be transparently shared with the MNOs, as these costs are to be borne by the MNOs and ultimately by the subscribers. If there are any confidential submissions, the Authority should share the same in a manner that does not compromise the confidentiality while ensuring transparency to the consultation exercise.

Further, we request the Authority to share the financial and non-financial data of the MNPSPs including for the years 2017-18 and 2018-19 and their projected costs, so that we can furnish our detailed submissions on the issues raised in this consultation.

It is submitted that scale of the activity is important and subscribers should only pay for optimal resources required for that scale. The trend of number of porting will be the relevant factor.

As MNPSPs provide hardware and software based services, the costing should not be abnormally high. There is a clear need of rationalized costs for such software and hardware services being provided by MNPSPs.

**Q2. 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.**

A2. The total costs should be calculated on cost based and work done principles for total work done by MNPSP as per the regulation. If the unit of payment is 'Per Port Transaction Charge' then the said total costs should be divided by number of total porting requests to arrive at corresponding rate. In case the unit of payment is 'Successful Port Transaction Charge' then the said total costs should be divided by number of successful porting to arrive at the corresponding rate. Both ways, the MNPSP will get the same total consideration for all the work done.

Since, the charge is payable by the subscribers at the time of making porting request, the unit of payment should be 'Per Port Transaction Charge'.

Importantly, in either case, there should be adequate checks and controls and these rates are only applicable for fair usage. Further, the overall costs should be re-determined periodically (annually).

Process controls such as non-generation of new UPC for subscribers with validity and only re-push of valid UPC, should be put in place to keep the MNPS costs also in check.

**Q3. 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.**

A3. Since total cost will cover the cost of ancillary services, we do not support any increase in per port transaction charges or additional payout for ancillary services. Further, most of the ancillary services should not be considered for any additional payout to the MNPSs for the reason that since inception of MNP i.e. 2010 onwards, the activities of 'Number Return', 'Database download', 'Port cancellation' and 'Non-payment disconnections' are ongoing and the entire ecosystem is already in place, the related costs for compensation, therefore, are negligible. In some cases the related cost of logistics i.e. billing etc. will be disproportionately high and should be avoided. In any case, any determination should take care that double charging for cost elements or work done is not there. It can also be seen from Table 3.5 of the consultation paper that the ancillary activities constitute a negligible/insignificant volume when compared against the total porting requests, thus not requiring fixing of separate charges for such ancillary activities.

**Q4. 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.**

A4. Any such service, if availed, should be cost based. In any case, any determination should take care that double charging for cost elements or work done is not there.

**Q5. 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.**

A5. Yes, it should act like a ceiling. Presently, cost, which is payable by customer generating request, is being absorbed by the ROs due to market forces. There should be adequate checks and controls and these rates are only applicable for reasonable and required activities at MNPS level. Further, the overall costs should be re-determined periodically (annually). In case the number of requests are abnormally high compared to successful porting and such proportion is in variance with the trend assumed then immediate review of reasons and review of PPTC will be required to avoid undue detriment or undue enrichment.

**Q6. Any other relevant issue that you would like to highlight on the MNP related charges?**

A6. We submit that there should not be a situation that due to monopoly of service, subscribers or MNOs become captive of higher than due charges. Considering that MNPSs have existing systems in place, the costs should be nominal. However, in case the MNPSs submit that there are significant costs that will have to be borne by them to perform the functions stipulated under the TRAI's MNP regulations (incl. the 7<sup>th</sup> amendment which is yet to be implemented), then options like a tender process needs to be put in place, for selection of MNPS and issuance of MNPS licence to such entity/entities to avoid any unreasonable costs being claimed by the MNPSs.

We estimate that costs that will be incurred by MNSPs w.r.t implementation of the 7<sup>th</sup> amendment, will not materially change with this implementation. The MNP service providers (MNPSPs) will largely be utilizing the networks of the Mobile network operators (MNOs) to cater to the changed processes with marginal hardware, software and operational costs (if any) at their end, with many activities that are now entrusted to the MNPSPs being already served by them since inception.

MNP is a licensing requirement and access provider mandatorily approaches MNPSP for the processing of MNP requests. The input telecom service provided by MNPSP is not something which has been outsourced by TSPs but is an essential requirement for successful completion of MNP request and therefore charges payable to the MNPSP should be allowed as pass through charges for determination of Adjusted Gross Revenue.

License conditions of MNPSPs should be at par with MNOs in respect of license security obligations and confidentiality and privacy of subscriber information.

**12<sup>th</sup> April 2019**

**New Delhi**