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EXTRAORDINARY,

PART III, SECTION 4

**TELECOMMUNICATION MOBILE NUMBER PORTABILITY PER PORT TRANSACTION
CHARGE AND DIPPING CHARGE (AMENDMENT) REGULATIONS, 2018**

(03 OF 2018)

**TELECOM REGULATORY AUTHORITY OF INDIA
NOTIFICATION**

New Delhi, the 31st January 2018

File No. 15-01/2016-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:-

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| 1. (1) These regulations may be called the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2018 (03 of 2018).

(2) They shall come into force from the date of its notification in the Official Gazette. |
| 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 successful porting shall be rupees four.” |

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

Note 1. The principal regulations were published vide No. 116-5/2009-MN dated 20th 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, 2018 (03 of 2018)”.

EXPLANATORY MEMORANDUM

- 1.1 Under the extant Mobile Number Portability (MNP) regime, a subscriber can retain the existing mobile telephone number while switching from one service provider to another or from one technology to another technology of the same service provider. It allows subscribers to retain their mobile number not only within the same Licensed Service Area (LSA) but also Pan India in any LSA.
- 1.2 The Mobile Number Portability is operational in India since 2009, when MNP service licences were issued to two Mobile Number Portability Service Providers (hereinafter referred to as MNPSPs) by the Department of Telecom (DoT). DoT has mandated MNP service licensees to follow the regulations/ orders or directions issued by TRAI under TRAI Act, 1997 or any instructions issued by the DoT (licensor) from time to time.
- 1.3 As per Telecommunication Mobile Number portability Per Port Transaction Charge and Dipping Charge Regulations, 2009 dated 20th November 2009, TRAI has fixed Rs. 19/- as 'Per Port Transaction Charge' to be paid by the recipient operator to the concerned MNPSP. 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.
- 1.4 The Per Port Transaction charge was determined based on the estimated financial data and other information submitted by the two MNPSPs in 2009.
- 1.5 Till 2015, for the purpose of MNP service, the entire country was divided in two zones with 11 LSAs in each zone and MNP service was allowed only within the LSA. The scope of MNP was expanded in the financial year 2015-16, when MNP

service was allowed across all licensed service areas on Pan India as the national rollout (Full-MNP) w.e.f. 3rd July 2015. This resulted in huge upsurge in the number of porting requests from 64 lakh in 2010-11 to 368 lakh in 2014-15. This has further gone up to 636 lakh in 2016-17. The Authority also reviewed/analysed upsurge in the porting requests during the last two years when the MNP services were opened on PAN India basis on 3rd July 2015.

- 1.6 The 'Per Port Transaction Charge' of Rs. 19/- was determined by TRAI in November 2009¹ based on the estimated financial and other information/ data submitted by the two MNPSPs in 2009 (details given below). The per port transaction charge was computed by dividing the total cost to the MNPSP by the estimated number of porting subscribers, over a period of 5 years. In so far as the cost is concerned, the Authority considered the lower of the cost of the two MNPSPs.

Particulars	Unit	Amount
Total estimated Cost for 5 years	Rs in Lacs	23204.69
Estimated porting for 5 years	in Lacs	1232.65
Porting Charges per subscriber for 5 years	in Rs	18.83
License fee @1%	in Rs	0.19
Total Per Port Transaction Charges per Subscriber	in Rs	19.02
Rounded off	In Rs.	19.00

- 1.7 However, when the Per Port Transaction cost (using Fully Allocated Cost methodology) based on the audited annual accounts of the MNPSPs has been

¹ "The Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge Regulations, 2009" dated 20th November 2009

compared in 2017 with the above figures, it shows a significant decline in the per port transaction cost. Based on the audited annual accounts submitted by MNPSPs for the year 2016-17, the calculation of ‘per port transaction charge’ works out as follows: -

Particulars	Unit	Amount
Total Cost*	Rs. in Lacs	1,229.57
No. of porting requests received	in Lacs	310.47
Per Port Transaction Cost	in Rs.	3.96
Licence Fee @1%	in Rs.	0.04
Per Port Transaction Charge	in Rs.	4.00

- 1.8 Total cost* in the above table includes the operating expenditure (after adjusting consultancy & royalty charges) and depreciation & amortization and 15% return on capital employed as per the audited annual accounts submitted by MNPSPs. While arriving at afore-mentioned cost and the per port transaction charge, the Authority has adopted the same methodology and the principle to consider the lower of the cost of two MNPSPs as it was followed at the time of initial fixation of Per Port Transaction Charge.
- 1.9 As per Regulation 6(2) of the Telecommunications MNP per Port Transaction Charge and Dipping Charge Regulations 2009, the Authority may review and modify the Per Port Transaction Charge and Dipping Charge.
- 1.10 After reviewing the financial results of both the MNPSPs and the upsurge in the volume of porting requests in the past two years, the Authority opined that the present charge of Rs. 19/- is quite high as compared to cost and volumes of transaction involved. The Authority, therefore, placed draft “The Telecommunication Mobile Number Portability Per Port Transaction Charge and

Dipping Charge (Amendment) Regulations, 2017” on 18th December, 2017 on TRAI’s website for comments of stakeholders. The last date for receiving comments from stakeholders was 29th December, 2017, which was further extended upto 12th January, 2018, considering the requests of stakeholders. An Open House Discussion in this regard was also held on 16th January 2018.

- 1.11 Most of the stakeholders (comprising TSPs and COAI) commented that the proposed per port transaction charge of Rs. 4 are on higher side and should be brought down to Rs. 2.00 by the Authority, considering the surge in the MNP requests and reduction in the cost of serving such requests.
- 1.12 Majority of stakeholders have commented that the royalty and consultancy charges paid by MNPs to their parent companies are very high. Though the MNPs are not providing any such service which requires payment of royalty amounts. Thus, the Authority should not consider royalty fee under the item Total Cost while calculating the per port transaction charges. Moreover, only the Relevant Cost of the two MNPs may be taken into account for the purpose.
- 1.13 One of the stakeholder also commented that per port transaction charge should be nil in case of forced porting due to closure of the telecom company. Few stakeholders commented that MNP per port transaction charge to be allowed as pass through charges and excess recovery due to overcharging during the preceding years to be passed on to TSPs for facilitating the future porting requests without any cost.
- 1.14 On the other hand, MNPs commented that the current per port transaction charge of Rs.19/- is reasonable and should not be revised downward. Considering the market consolidation scenario, subscribers will be left with fewer choices in the future to port to different operators, which will in turn lead to decline in porting volumes.

- 1.15 The written views/ comments received from stakeholders on the draft “The Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2017” as well as during the open house discussion were analysed. After taking into consideration the views/ comments received from stakeholders and the other relevant facts, the Authority has decided that the per port transaction charge may be reduced as the costs of operations of MNPs have substantially gone down and at the same time the volume of MNP traffic has increased by leaps and bounds.
- 1.16 As a result of this amendment, there will be automatic reduction in ceiling of the charges leviable from subscribers for Mobile Number Portability from Rupees Nineteen to Rupees Four. It will be so because notification of Telecommunication Tariff (Forty-Ninth Amendment) Order, 2009 prescribed the following: -

“Porting charge payable by the subscriber to the Recipient Operator:- The Per Port Transaction charge specified in regulation 3 of the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge Regulations, 2009(9 of 2009), as ceiling.”