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EXTRAORDINARY, PART III, SECTION 4

DRAFT

**TELECOMMUNICATION MOBILE NUMBER PORTABILITY PER PORT
TRANSACTION CHARGE AND DIPPING CHARGE (AMENDMENT)
REGULATIONS, 2017**

(... OF 2017)

**TELECOM REGULATORY AUTHORITY OF INDIA
NOTIFICATION**

New Delhi, theDecember 2017

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:-

1. (1) These regulations may be called the Telecommunication Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulations, 2017 (... of 2017).

(2) They shall come into force with effect from the ...December, 2017.

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

3. Per Port Transaction charge-- The Per Port Transaction charge 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, 2017 (... of 2017).

Stakeholders are requested to send their written views/ suggestions preferably in electronic form at email id: fa@traigov.in by 29th December 2017. For any clarification/information, Mr. Kaushal Kishore, Advisor (Financial & Economic Analysis) may be contacted at Tel. No. +91- 11-23230752, Fax No. +91-11-23236650.

EXPLANATORY MEMORANDUM

- 1.1 Under Mobile Number Portability (MNP) regime, a subscriber can retain his existing mobile telephone number when he switches from one service provider to another or from one technology to another of the same service provider and allows subscribers to retain his 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 DoT. Through the amendments in licenses, DoT mandated MNP service licensees to follow the regulations/orders made 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' and through notification of the Telecommunication Tariff Order (Forty-Ninth Amendment) Order, 2009, the Authority prescribed the Per Port Transaction charge Rs. 19/- as ceiling.
- 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 and which 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, as shown below. The same was determined based on the estimated financial and other information/ data submitted by the two MNPSPs in 2009. 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 is compared 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* 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

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

Authority has adopted the same methodology and the principle to consider the lower of the cost of two MNPSPs.

- 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 Considering the financials of both the MNPSPs and the upsurge in the volume of porting requests in the past two years, the Authority is of the view that the present ceiling of Rs. 19/- is quite high as compared to cost and volumes of transaction involved. The Authority has, therefore, decided that the upper ceiling for per port transaction charge may be reduced as the costs of operations of MNPSPs have substantially gone down.