

Telcos want users to bear number portability cost

ET Bureau

NEW DELHI: In a move that could make it significantly costlier for mobile users to change their operator while retaining the number, GSM operators have demanded that subscribers be made to bear the cost of the network upgrade required to usher in number portability.

State-owned telco BSNL has told telecom regulator Trai that upgrading networks to allow MNP would cost the company about Rs 1,200 crore, and only 2% of the elite customers were likely to use this facility. Going by BSNL's formula, back of the envelope calculations show that it will cost about Rs 6,000 per user to port their number.

If an average of eight telcos shell out about Rs 1,200 crore each to upgrade their networks, the sector will have an additional burden of Rs 10,000 crore. And if only 2% of the country's 400 million-plus cellular subscribers were to avail MNP, then eight million users must share the cost of network upgradation, which works out to over Rs 6,000 per user.

"Only those customers, for the benefit of whom the MNP is being implemented, should be made to bear the cost of the same and not the ordinary customers, who are not going to get any benefit from the implementation of MNP. All these customers, who will utilise the MNP, are big entrepreneurs, professionals, businessmen who will save huge switching costs, otherwise, they will have to invest on informing friends and business partners about new number, missing calls from uninformed people and updating company web pages, brochures and business cards etc. These customers can afford and must pay for availing this facility," BSNL said in its statement to Trai.

Other GSM players share the same stand although they have not provided specific numbers to Trai. Bharti Airtel is of the view that 'all operators who make the investment (for MNP) are entitled to recover their costs'.

"We recommend that the investments being made by operators for the implementation of MNP needs to be recovered only from the consumers, who want to port their numbers, and ordinary customers should not be penalised by increased tariffs and call charges from them," Bharti Airtel said in its communication to Trai.

Idea Cellular has said that providing this facility to the consumer would involve a one-time capex and recurring opex and 'hence, service providers should be compensated for these costs'.

MTNL, which offers fixed and mobile services in Delhi and Mumbai, has gone a step further and sought that it be compensated for implementing MNP. MTNL's logic is that its fixed line network has been built by multiple vendors and has a large mix of switches,

both old and new, a bulk of which has to be replaced for routing of calls of those customers who retain their number, but change their operator.

"Fixed line operator should also be compensated for the huge additional expenditure required for upgradation of its local, tandem and tax switches for the implementation of mobile number portability. MTNL should be compensated by giving suitable share from the porting charges,"MTNL added.

But, the case for high porting fee has been strongly opposed by CDMA major Reliance Communications, which had also launched GSM services earlier this year. RCOM has said that since it costs less than Rs 50 for a pre-paid subscriber to take a new connection, the porting cost should be lower than this figure and has suggested that the fee be fixed at Rs 20.

The ADAG group-promoted telco has also pointed out that countries, such as Hong Kong & Finland, where the porting charges were kept at a bare minimum had experienced the best results with MNP.

"Having no exit barrier in India is also a main reason for very high churn rate in India and probably also a recipe for successful MNP implementation,"RCOM said. The telco also added that globally most regulators were of the view that costs incurred for implementing MNP were an 'inevitable consequence of a fully competitive mobile market' and were borne by the telcos.