

Comments from VSAI with respect to TRAI Consultation Paper on Captive VSAT CUG Policy, Dated 28-Oct-16

Responses to Questions raised by TRAI in its Consultation Paper on Captive VSAT CUG Policy issues dated 28th October 2016

Q1. Should the licensee fee for the 2nd VSAT hub, which is used independently or for redundancy purpose be kept same as that of the 1st VSAT hub? If no, what should be the per annum fee for the 2nd hub? Please justify your answer.

A1. Captive licensees typically install a second hub for two primary reasons. The first reason is redundancy and the second reason is the non-availability of space segment on the same satellite offered by ISRO and hence the need to install a second hub for accessing the space segment using the second hub (that looks at a different satellite). This being the case, the licensee fee should not distinguish the number of hubs. So there should be no additional charge for the second hub. As rightly pointed out by TRAI, most of the captive license holders are Government organisations or public sector units. Both are engaged in the nation building. So any unjustified cost only increases the cost that is charged from the citizens for the various services provided by the Government.

Q2. Is there a need to review some or all of the fee/charges viz. Entry fee, License Fee, royalty charges and Bank Guarantee etc. for Captive VSAT CUG licenses (1st hub and 2nd Hub)? If yes, what should be the appropriate fee/ charges? Give details with justification?

A2. Considering the fact that the maximum number of licensees are Government or Public Sector Units, the License fees should only adequately cover the administrative cost of administering these networks. That being said, the current charging model of per VSAT per annum based charging is the right model and Rs. 10,000 is a very reasonable number. The biggest anomaly is in the royalty charges. The WPC circular dated 22nd March 2012 was a welcome step for the royalty charges. However its implementation is flawed. The analogy of SNG/DSNG does not apply at all in this scenario. In the case of SNG/DSNG, the same frequency is rotated among many terminals. However, WPC has a task of administration of all the terminals in the network (whereas the administration fee that it would have earned would have been inadequate if the number of SNG/DSNG terminal were not a multiplier with a 25% weightage). However in the case of a TDM/TDMA or any point to multipoint technology, VSATs are meant to share the spectrum and the space segment. Better the sharing, better the efficient utilization of spectrum. In the current implementation, by multiplying the formulae by the number of VSATs (and putting a 25% weightage), the entire purpose is defeated. This simply means that the better the sharing, more are the charges. So instead of rewarding a better sharing mechanism, the licensees are penalised for better and efficient use of spectrum. So the practice of multiplying the formulae with the number of VSATs should be done away with and the correct interpretation of the formulae needs to be clarified. If at all WPC needs to be adequately covered for their administrative efforts, then it should be through a fixed fee per

location which is in the order of Rs. 500 or Rs. 1000 per annum and not multiplying the spectrum by the number of VSATs.

Q3. In your opinion what should be the procedure and time-frame for issuing various license(s) /approvals and augmentation of bandwidth for captive VSATs? Please give rationale to support your arguments.

A3. The first time approval of a captive network should be done through the apex committee. However, the apex committee should act as a single-window for the entire set of approvals obtained by the captive licensees. Various formats can be prescribed for individual processing and the licensees can be made to make a consolidated application covering all the aspects of licensing and WPC/SACFA. As with the NLD license and the UASL license for satellite operations any additional augmentation of bandwidth should be dealt with by NOCC and WPC only. SACFA/WPC charges can be combined with the license fee and a demand can be put up together on a yearly basis eliminating the need for multiple demands by the licensing cell and WPC. The process of adding of sites or bandwidth has to be executed in similar time frames as that of the commercial services. While the captive licenses use these services for more important and mission critical applications that involve citizen services to national security, the extraordinary delay defeats the whole purpose.

Q4. Is it appropriate to split the Captive VSAT into categories for (1) Not-for-profit Government Organizations/departments (handling important missions) (2) Commercial organizations and others? If yes, please suggest Entry Fee, License fee and Royalty charges etc. For the two categories of licensees. Should the rates applicable to such not for profit government organizations be at a discounted rate as compared to the rates applicable for other business organizations? Justify your answer.

A4. The above mentioned categorisation is not necessary. Captive by nature is not for commercial use and for self-use. Today, the commercial VSAT services tariff is much more attractive than the captive licensee fees and the royalty charges. So all of the commercial organizations have already migrated to the commercial license. It is only the Government and not for profit organizations that are operating the captive networks.

Q5. Any other change(s) required in the Captive VSAT CUG license terms and conditions? Please justify the suggested change(s).

A5. None