



Telecom Regulatory Authority of India



Recommendations

on

Methodology for levy of Spectrum Charges for provision of Satellite based Services using Gateway installed in India under 'sui-generis' category

27th December 2018

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CONTENTS

CHAPTER I: INTRODUCTION	1
CHAPTER-II: ISSUES IN SATELLITE BASED SERVICES BY BSNL ...	11
CHAPTER- III: LIST OF RECOMMENDATIONS.....	25

CHAPTER I: INTRODUCTION

A. DoT Reference

1.1 The Department of Telecommunications (DoT), through its letter dated 13th August 2018 (**Annexure-1.1**), informed that based on the TRAI recommendations dated 12th May 2014 on 'Provisioning of INMARSAT/Satellite Phone Services', M/s BSNL has been granted a service license dated 25th August 2014 for 'Provision and Operation of Satellite based services using gateway installed in India' under "Sui-generis" category by DoT. It has also been mentioned that the TRAI recommendations were silent on the issue of spectrum charges for provision of services under 'Sui-Generis' category of license. Further, service license mentions that spectrum related charges are payable as per applicable charging orders. Accordingly, WPC wing continued to levy the annual spectrum charges for the Gateway and user terminals as per the charging orders in force (that is on formula basis and is in proportion to number of terminals and frequency bandwidth used by them). M/s BSNL has been requesting DoT to change the present methodology of spectrum charging from formula based to Adjusted Gross Revenue (AGR) based for provision of this service in line with the commercial VSAT service. DoT has, therefore, requested TRAI to provide its recommendations on the method of levy of annual spectrum charges as per the provision under section 11(1) of TRAI Act 1997 as amended.

B. Background

1.2 As per the international treaty, only Inmarsat organization has been mandated to provide the Global Maritime Distress and Safety System (GMDSS) services for maritime applications.

- 1.3 India is a founding member of INMARSAT and M/s TCL (erstwhile M/s VSNL, erstwhile M/s Overseas Communication Service) had set up a Gateway at Arvi, Pune for the Inmarsat satellite terminals. These services were primarily used for maritime communication purposes. As the Inmarsat gateway was available in the country, Inmarsat satellite terminals were also allowed for land-based use for certain specific purposes in a restricted manner.
- 1.4 While the Inmarsat services cater to maritime communication, the Government introduced Global Mobile Personal Communication by Satellite (GMPCS) service (satellite Telephone Service) License in the country on non-exclusive basis in the year 2001. Establishment of GMPCS Gateway in India by the licensee is mandatory under the terms and conditions of the license.
- 1.5 After the issue of guidelines for GMPCS License in the year 2001, DoT received a number of proposals from various satellite operators, including Inmarsat, for grant of GMPCS license. However, no operator could obtain the GMPCS license as establishing the gateway in the country is one of the technical requirements prescribed in the license agreement, which required substantial financial expenditure and therefore, it was not perceived to be feasible to be recovered from the limited number of users.
- 1.6 Since no other operator was able to establish a gateway in India, the DoT (after due deliberation) asked BSNL in December 2010, to examine the possibility of establishing a GMPCS Gateway with Inmarsat or any other Satellite Operator for provision of satellite telephone service in the country. In July 2012, BSNL conveyed to the DoT that Inmarsat has agreed to work with BSNL as a primary service provider for these services; however, BSNL sought budgetary support from DoT. The DoT conveyed in-principle approval to establish GMPCS Gateway to provide

satellite telephone service with financial support from USO Fund and also asked BSNL to submit a detailed project report (DPR) and to apply for GMPCS license.

- 1.7 In 2013, BSNL informed DoT that it does not propose to obtain GMPCS license, but to use Inmarsat services which are more suited for operation of Sat Phones/Data terminal particularly for disaster management and maritime applications. It further informed that Inmarsat does not operate under GMPCS License anywhere in the world.
- 1.8 The DoT through its reference dated 13th December 2013, informed TRAI that the Inmarsat services are not being operated as GMPCS services in other countries and the Inmarsat services are usually classified by national regulators in a category befitting its unique role and mostly Inmarsat services are regulated as a '*sui generis*' category, simply as 'INMARSAT Services'. DoT further informed that as per the International Treaty, as on date, only Inmarsat has been mandated to provide GMDSS services for maritime applications. Due to Inmarsat's disagreement to provide its services under GMPCS License/Authorisation through BSNL, DoT requested TRAI to provide its recommendations, appropriateness and feasibility of including the 'INMARSAT' services under Unified License.
- 1.9 After examination of the matter, TRAI sent its recommendations on "Provisioning of INMARSAT/Satellite Phone Services' on 12th May, 2014 to DoT. Accordingly, TRAI, *inter-alia*, made the following recommendations:
 - (a) The DoT may authorize BSNL to establish Gateway immediately under '*sui generis*' category.

(b) The DoT may consider the request of BSNL for waiver of entry fee, processing fee and PBG for such authorisation;

(c) License fee @ 8% of AGR may be levied for such servicers.

1.10 Based on TRAI recommendations, on 25th August 2014, DoT granted a service license to BSNL for ‘provisioning and Operation of Satellite based services using Gateway installed in India’ under ‘sui-generis’ category.

1.11 BSNL established the gateway in Ghaziabad and launched the Global Satellite Phone (GSP) Service in May 2017. The license permits BSNL to provide all types of mobile satellite services. However, before commencement of any service, prior approval from the licensor is required. The relevant clauses of the license agreement are reproduced below:

(i) The clause 44.1 of the BSNL’s ‘sui-generis’ License relating to scope of the service provides that:

“44.1 The licensee may provide, in its area of operation, all types of mobile satellite services such as INMARSAT service. These may include voice and non-voice messages, data services by establishing Gateway in India utilizing any type of network equipment including circuit and/or packet switches. This shall also include broadcast of distress messages in India or outside the territorial boundaries of India subject to applicable rules and laws.”

(ii) The clause 7 of the License relating to provision of service provides that

“The Licensee shall be responsible for, and is authorized to own, install, test and commission all the Applicable systems for providing the Service authorized under this License agreement. The Licensee shall intimate to the Licensor well in advance before the proposed date of commencement of any service in any Service Area containing the details of network and required facilities for monitoring of the service installed by the Licensee. Any service, permitted under the scope of this License Agreement, shall be commenced by the Licensee only after prior approval of the Licensor. The

approval shall normally be granted within 90 days from the date of receipt of such intimation provided that the Applicable System/Service is broadly compliant to the scope of the License and requisite monitoring facilities are successfully demonstrated by the Licensee.”

1.12 Approval for commencement of voice and non-voice messaging services was conveyed to BSNL vide DoT letter dated 23rd May 2017 under the said clauses 44.1 and 7 of the license agreement.

1.13 Global Satellite Phone (GSP) Service is being provided by BSNL to the end customers and mainly used for remote area communication. So far, the services are mainly being availed by government agencies. The details of the subscribers availing GSP services of BSNL as on 30th November 2018 are given below:

Table 1.1: Details of Subscribers of GSP Service of BSNL

As on 30th November 2018

Category	Migrated Subscribers	New Subscribers added by BSNL	Total number of GSP service Subscribers
Government Agencies	1471	2176	3647
Public Sector Undertakings (PSUs)	6	106	112
Private Enterprises/Individual	-	168	168
Grand Total	1477	2450	3927

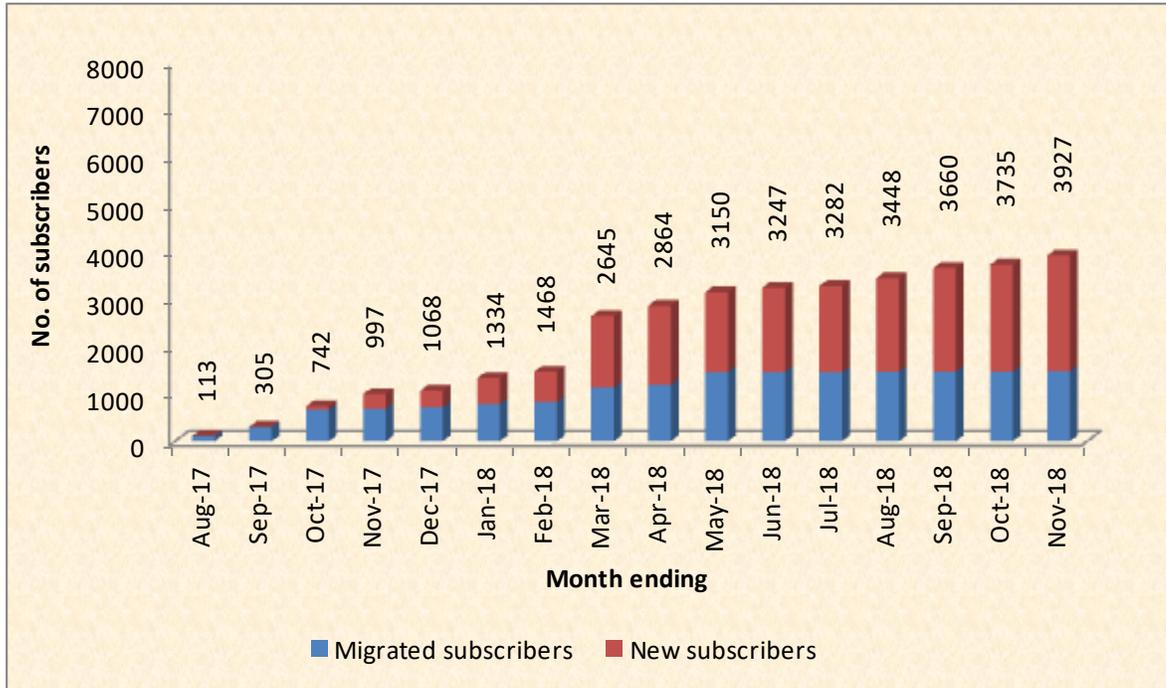
Notes:

1. Migrated subscribers are those who were existing users of Inmarsat service and already had GSP Service handsets. For these users, only services have been migrated to BSNL.
2. New subscribers are those, who have purchased GSP Service handset (Model- IsatPhone2) and services from BSNL

1.14 Since the launch of services by BSNL, there has been a continual addition in subscribers, although the incremental subscriber base is not

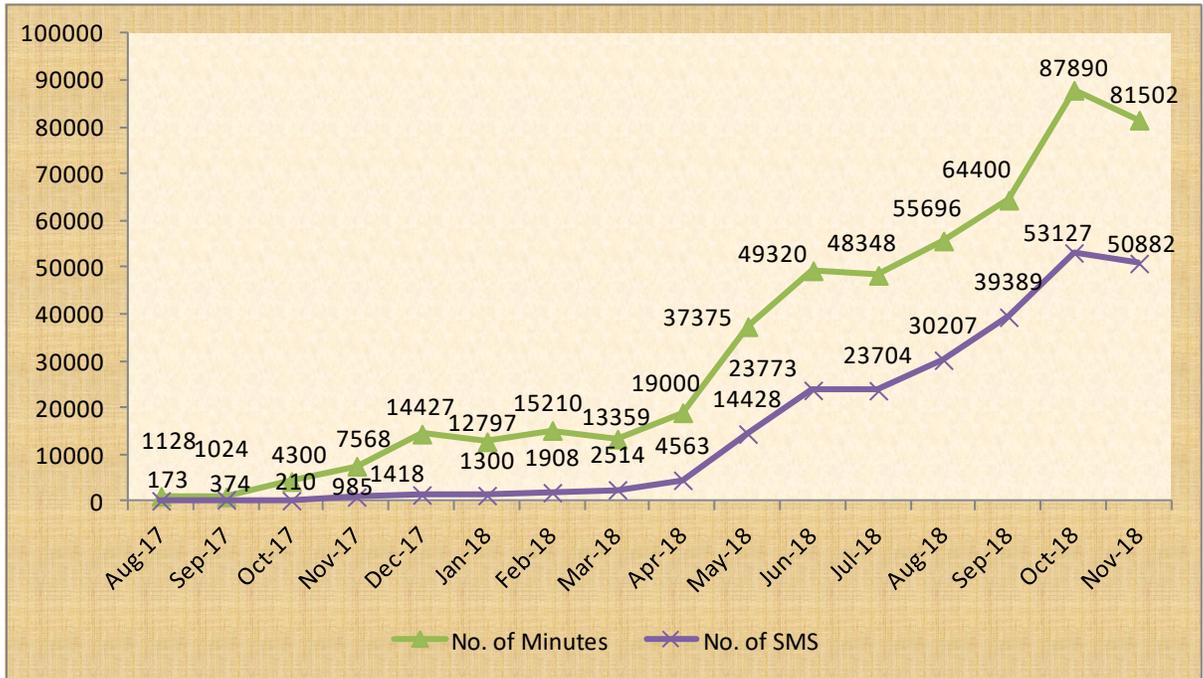
very high. The chart given below shows the trend in the uptake of the services.

Chart 1.1: Growth in subscribers of GSP service of BSNL



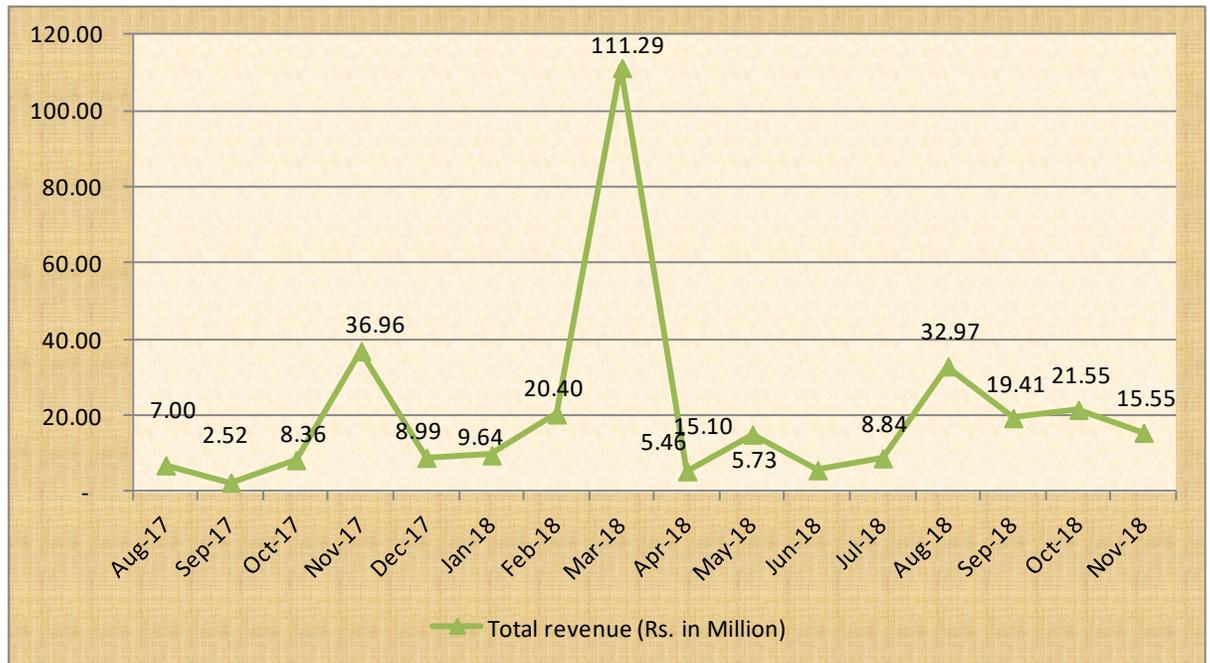
1.15 As already mentioned, presently BSNL is permitted to offer only voice and non-voice messaging services to the subscribers. As per the information provided by BSNL, average usage of a satellite phone user is about 21 minutes of voice calls and 13 SMS in a month. The chart given below shows the growth in minutes of usage and SMS.

Chart 1.2: Growth in Usage of GSP service of BSNL



1.16 The chart given below shows total revenue accrued to BSNL from GSP service. Total revenue includes revenue from services, sales of handsets, and collection of LF & spectrum charges. The visible spike in revenue during certain months is mainly on account of revenue from sale of handsets, which is non-recurring revenue.

Chart 1.3: Revenue Accrued to BSNL from GSP service



C. Cause of reference from DoT

1.17 The service license issued to BSNL mentions that the spectrum related charges are payable as per the applicable charging orders. According to the charging orders in force (that is formula basis and is proportional to number of terminals and frequency bandwidth used by them), Rs. 14,250/- per annum is payable by BSNL on a per terminal basis. In addition, annual spectrum charges for the gateway are charged separately, which amounts to Rs. 37,81,000/- per annum.

1.18 Through its letter dated 9th April 2018, BSNL informed DoT that it has been asked to pay Rs. 14,250/- per terminal at the time of issue of LOI prior to import and issue of handsets to the users. However, the user department does not immediately place the orders on BSNL because of so many factors including availability of funds and financial concurrence etc. There is a gap of 3 to 6 months between BSNL

procuring the handsets and the user department getting the satphones. BSNL pays this fee on behalf of the users in advance at the time of issue of LOI. BSNL has already paid about Rs. 11.4 crores towards the terminal based spectrum charges. BSNL has been requesting for change in methodology for levying of spectrum charges to 'AGR based charging' since it applied for permission for import of 2,000 IsatPhone2 handsets i.e. June 2017. According to BSNL, the charging method should be on AGR basis as GSP Service provided on SatPhones is akin to Commercial VSAT service. DoT vide its letter dated 6th July 2017 had, *inter-alia*, informed BSNL that methodology for spectrum charging is under examination.

- 1.19 In view of the above, DoT requested TRAI to provide its recommendations on the methodology of levying annual spectrum charges for provision of services by BSNL under the service license for 'Provision and Operation of Satellite based services using Gateway installed in India' under 'sui-generis' category.

D. Consultation Process

- 1.20 A consultation paper on "Methodology for levy of Spectrum Charges for provision of Satellite based Services using Gateway installed in India under 'sui-generis' category" was issued on 10th October 2018 and specific issues were discussed. The last date for submission of the comments was 31st October 2018 and for counter-comments it was 8th November 2018. The Authority received comments from 9 stakeholders. These are available on TRAI's website www.trai.gov.in. Open House Discussion was conducted on 12th November 2017 in New Delhi.

1.21 Based on the inputs received from the stakeholders and its internal analysis, the Authority has finalized these recommendations. The recommendations comprise of three chapters. Chapter-I gives an introduction of the subject. In Chapter-II, discusses the issues, comments received from various stakeholders and analysis based on which the recommendations have been framed. Chapter-III lists the recommendations.

CHAPTER-II: ISSUES INVOLVED IN SATELLITE BASED SERVICES BY BSNL

A. Levy of License Fee and Spectrum Charges

2.1 As per the License agreement, License Fee (LF) at the rate of 8% of AGR is payable. As already mentioned, as regards spectrum charges, the service License issued to BSNL mentions that the spectrum related charges are payable as per the applicable charging orders. According to the charging orders in force (that is formula basis and is proportional to number of terminals and frequency bandwidth used by them), besides the annual license fee of Rs. 250 per mobile Inmarsat terminal and Rs. 500 per fixed Inmarsat terminal, the annual spectrum charges are payable by the licensee in advance. The annual spectrum charges (Royalty) for each frequency are computed as per the details given below.

$$\text{Royalty, R (in Rs.)} = 35000 \times B_s$$

Table 2.1: Bandwidth factor (B_s) for satellite communications

Bandwidth Assigned to a Frequency (W KHz)	Bandwidth factor, B _s for an uplink		Bandwidth factor, B _s for a downlink	
	Broadcast	Others	Broadcast	Others
Upto and including 100 MHz	0.25	0.20	NIL	0.20
More than 100 KHz and upto and including 250 KHz	0.60	0.50	NIL	0.50
More than 250 MHz and upto 500 kHz	1.25@	1.00@	NIL	1.00@
For every 500 kHz or part thereof	1.25@	1.00@	NIL	1.00@

[@ for every 500 kHz or part thereof]

Note: (i) As a principle, charges for radio spectrum be levied for both uplinks and downlinks, as the nature of the resource remains the same. Charging will however only be in respect of the frequencies transmitted from or into Indian Territory.

- 2.2 From the above calculation, annual charge per mobile terminal of Rs. 14,250/- is payable (Rs. 14,000 as spectrum charges and Rs. 250 as license fee). In addition, annual spectrum charges for the Gateway are charged separately using the same methodology as detailed in para 2.1 above, amounting to Rs. 37,81,000/- per annum.
- 2.3 As submitted by BSNL, the above-mentioned annual handset based charges (spectrum charges+ LF) of Rs. 14,250/- per terminal are payable in advance at the time of issue of LOI prior to import and issue of handsets to the users. However, the actual use of these terminals (handsets) will take some time and therefore, there will always be some gap of say 3 to 6 months or even more between BSNL procuring the handsets and the user department getting the terminals. Further, it would be required to keep some handsets as spares for maintenance purposes, on which, no revenues would be earned.
- 2.4 BSNL has been given frequency authorization for 8000 ISAT phone terminals after a payment of annual spectrum charges @ Rs. 14,250/- per terminal. BSNL has already paid about Rs. 11.4 crores towards spectrum charges for 8000 Inmarsat phone terminals for one year and the same charges are to be paid annually in subsequent years also.
- 2.5 From the details of subscribers given in the Table 1.1, it can be seen that out of 8,000 satphone terminals imported by BSNL, as of 30th November 2018, only 2,450 terminals were actually being used by the subscribers.
- 2.6 BSNL deposits this fee on an annual basis in advance. However, this charge is passed on to the subscriber upon his enrolment. Therefore, ultimately, it is the subscriber who is being charged for use of satphone terminal on an annual basis. BSNL has also submitted that due to heavy spectrum charges, the service is not affordable. Thus, public is not getting benefitted from the service.

- 2.7 BSNL has been requesting DoT for change in methodology for levying of spectrum charges to 'AGR based charging' since it applied for permission for import of 2000 IsatPhone2 handsets i.e. June 2017. According to BSNL, the charging method should be on AGR basis as GSP service of providing Sat Phones is akin to Commercial VSAT service.
- 2.8 As mentioned before, the spectrum charges were computed by WPC as per the charging orders dated 22nd March 2012 (that is formula basis and is proportional to number of terminals and frequency bandwidth used by them). Apparently, such charging mechanism may be reasonable to be used in case of captive users i.e. when an entity takes a license/spectrum for its own use and not for provision of telecom services to public. To understand the difference between captive and commercial users, let us take example of VSAT service. VSAT has two category of licenses; one for commercial use and other for captive use. In case of commercial use, the VSAT service provider is liable to pay License Fee (LF) @ 8% of AGR and Spectrum Usage Charges (SUC) @ 3% to 4% of AGR. However, in case of captive VSAT licensee, it is liable to pay royalty charges for assignment of frequencies as per the same order dated 22nd March 2012 (as currently applicable for BSNL's GSP services).
- 2.9 It is also worth mentioning here that both the GSP service of BSNL and the VSAT services use satellite connectivity. VSAT service provider takes dedicated satellite bandwidth through the Department of Space (DoS) and is also liable to pay the satellite bandwidth charge separately. Likewise, BSNL pays for the Inmarsat satellite services as fixed charges (per active user) and variable charges (usage based).
- 2.10 As far as GSP service is concerned, it can also be compared to terrestrial mobile service, except that the connectivity is through satellite system. In case of mobile handsets, the subscriber buys the handset either from the service provider or from the open market. He obtains the SIM of the

licensed service provider and after KYC process, the services are availed by the subscriber. There is no per terminal charge payable either by the service provider or by the subscriber.

- 2.11 In this background, the stakeholders were requested to provide their comments on whether the formula based spectrum charges be replaced with AGR based SUC in respect of provision of services by BSNL under its license for 'Provision and Operation of Satellite based services using Gateway installed in India' under 'sui-generis' category and if so, what percentage of AGR should be levied as the spectrum usage charges.

Comments received from the stakeholders

- 2.12 Few of the stakeholders opined that no spectrum charges should be levied on this service. Reasons cited by the stakeholders were (i) this service caters to the emergency services, (ii) this service is used at places or times where/when no other network is made available to the users, (iii) satellite phone service enhances the safety and security of life at sea or in remote areas and (iv) the current annual spectrum charges are a serious impediment, even to the people with a critical need for these services.
- 2.13 Other stakeholders were of the view that the formula based spectrum charging should be replaced with AGR based spectrum charges. Most of these stakeholders have recommended that spectrum charges should be levied at the rate of 0.5% of the AGR. One of the stakeholders has submitted that the percentage should be aligned to the guidelines as enunciated in new National Digital Communications Policy 2018, wherein the SUC is to be fixed based on administrative & regulatory cost and as per DoT's own calculations, it is a fraction and is well below even 1%.

- 2.14 One of the stakeholders also mentioned that the issue of availability and affordability are constrained by the disproportionately high costs of annual spectrum charges per subscriber terminal. Such high costs clearly position the service out of the market for the vast majority of the population. Further to this, subscriber terminal fees are paid in advance of service provisioning and therefore represent an unreasonable financial burden for BSNL. Replacement of the current model of spectrum charges with a model based on a percentage of AGR, would greatly support the expansion of the services. In fact, affordable charges to end users would increase the scale of the services, better utilize the available satellite capacity and serve Indian authorities and population.
- 2.15 One stakeholder has also opined that as GSP service caters to the emergency service being used in unconnected and remote areas, there should not be any SUC for GSP service for initial period of 5 years and this should be made applicable retrospectively. Further, since License Fee @ 8% of AGR is payable, there should not be any handset based License Fee.
- 2.16 Few of the stakeholders have further added that SUC for Gateway should also not be levied separately, and it should be part of AGR only.
- 2.17 One of the stakeholders also opined that other elements of service, including per minute usage charge and cost of handsets should also be reviewed so that people in far-flung areas, especially fisherman get the benefit.

Analysis

- 2.18 The Authority examined the comments of all the stakeholders and noted the consensus view that there is no economic rationale in the existing upfront formula based spectrum charges. While a few stakeholders are of the view that there should be no spectrum charges, most of the

stakeholders are of the view that the formula based spectrum charges should be replaced with AGR based SUC.

2.19 As mentioned above, as per the present practice, for provision of GSPS service, BSNL is required to pay the following charges (Licence fee and spectrum charges):

- Licence fee: 8% of AGR
- Handset based charges (per handset per annum) - effective from the date of LOI for import of handset
 - Licence fee: Rs. 250/-
 - Spectrum charges: Rs. 14,000/-
- Spectrum charges for Gateway: Rs. 37,81,000/- (per annum)

2.20 As per the information submitted by BSNL, revenue accrued from GSP service from Jan-18 to Nov-18 is Rs. 266 million, which includes collection of handset based charges (spectrum charges & License fee) of Rs. 41 million and sale of satellite phone handsets (non-recurring revenue) of Rs. 157 million. Revenue from provision of services was Rs. 68 million during this period.

2.21 From the above, it can be seen that the annual handset based charges amounting to Rs. 14,250/-, are required to be paid by every subscriber of this service. GSP service is majorly being used by the government agencies and since this is the only way to avail telecom connectivity in far-flung areas and water bodies, this service should not be seen as premium service but is akin to emergency services.

2.22 Further, it may be worth mentioning that this service can be very beneficial for the people living in coastal regions, especially fishermen, who depend on sea animals for their livelihood. In case of emergency, they do not have any other mechanism to contact for seeking help. If this service is to be made available to such people, affordability is a key issue.

Annual spectrum charge of Rs. 14,250/- may be deterrent for such people to opt for this service.

- 2.23 Removal of this fixed cost may help in increasing the uptake of this service, which in turn will help in reducing per unit cost to the subscribers. In a nutshell, increased volumes will result in increase in affordability – ‘a win-win situation’. As a result, the commercial users such as fishermen, people living in far-flung area, etc. would be able to afford these services and benefit from it. Increasing volumes is the only way to make satellite service financially viable and connect the unconnected places through satellite communication.
- 2.24 Further, BSNL has been nominated as single window agency to deal with the WPC Wing and obtain NOC from MHA directly for use of Inmarsat phones on behalf of existing as well as new users/customers. In other words, it is required to import/purchase handsets on behalf of subscribers. However, the process for importing of handset is a cumbersome and time consuming. Therefore, to cater to the immediate demand, BSNL has to keep handsets in stock. BSNL is also required to keep some handsets for testing and maintenance purposes. However, as per the current practice, BSNL is required to pay handset based charges, even if they have not been actually put to use. This does not appear to be a rational approach.
- 2.25 Presently, annual spectrum charges (formula based) for gateway are levied separately, amounting to about Rs. 37.8 lakhs. The Authority is of the view that once methodology for levying spectrum charges is changed to AGR based charging, there is no need to levy separate spectrum charges for gateway. The Authority expects that the benefit of these changes would be passed on to the subscribers by way of offering affordable tariffs.

2.26 In view of the foregoing discussion, **the Authority recommends that the formula based spectrum charges should be replaced with AGR based spectrum charges in respect of provision of services by BSNL under its license for ‘Provision and Operation of Satellite based services using Gateway installed in India’ under ‘sui-generis’ category. These charges would cover the entire spectrum charges for handsets as well as for gateway.**

2.27 As regards the percentage of AGR at which the spectrum charges should be levied, most of the stakeholders have recommended 0.5%.

2.28 The Authority has been advocating a flat rate of SUC. The following recommendations of the Authority may be worth mentioning:

(a) In its recommendation on ‘Spectrum Usage Charges and Presumptive Adjusted Gross revenue for Internet Service Providers and Commercial Very Small Aperture Terminal Service Providers’ dated 7th March 2017, the Authority had, inter-alia, viewed that there should be a single rate of SUC for VSAT service and it should be only 1% to cover administrative charges; and recommended that SUC should not be more than 1% of AGR irrespective of data rate.

(b) In its recommendation on ‘Method of allocation of spectrum for Public Mobile Radio Trunking Service (PMRTS) including auction, as a transparent mechanism’ dated 20th July 2018, the Authority, inter-alia, recommended that the SUC for the spectrum allocated to PMRTS shall be levied @ 1% of AGR.

2.29 As already mentioned, GSP Service is akin to emergency services. Therefore, the Authority is of the view that the spectrum charges should be levied only to cover the administrative expenses, which should not be more than 1%.

2.30 In view of the above, **the Authority recommends that the spectrum charges should be levied at 1% of the AGR of BSNL's satellite based services under 'sui-generis' category.**

B. Sale of Satphone handsets

2.31 After establishment of the Inmarsat gateway and commencement of voice service by BSNL, DoT through its letter dated 12th June 2017, issued instructions in respect of provision of satellite based services using gateway installed in India by BSNL and through the same letter, BSNL has been declared as a single window agency to deal with the WPC Wing and obtain NOC from MHA directly for use of ISAT phones on behalf of existing as well as new users/customers.

2.32 As per the license agreement, the licence fee is charged at 8% of AGR. As per the Appendix-II to Annexure-A of the license granted to BSNL, the gross revenue includes income from trading activity, which, *inter-alia*, includes sale of handset.

2.33 BSNL having been declared by the government as the nodal agency, it becomes its responsibility to import handsets on behalf of the users. Therefore, BSNL has no choice but to import the handsets and then sell them to the customers. Therefore, the question arises as to whether the cost of handsets should be allowed as deduction while computing AGR. The stakeholders were requested to provide their comments in this regard.

Comments of the stakeholders

2.34 There was a consensus view that the cost of handset should be allowed as deduction from AGR while computing licence fee and spectrum charges.

Analysis

2.35 As already discussed above, BSNL having been declared by the government as the nodal agency, it becomes its responsibility to import handsets on behalf of the users. If this arrangement was not in place, the subscribers would have bought handsets directly from Inmarsat (handsets being proprietary in nature) and applied for security clearance etc. from MHA. In this case, the amount spent by the subscriber for buying Inmarsat handset would not have been construed as telecom revenue. This arrangement not only provided a single point of contact for DoT/MHA for any kind of information, but also reduced inconvenience to the customers. However, BSNL has no choice but to import the handsets and sell them to the customers. Therefore, the Authority is of the view that the cost of handsets should be excluded from AGR for the purpose of levying License Fee and Spectrum Usage Charges. This would help BSNL in reducing the cost to the subscribers and offering affordable tariffs.

2.36 In view of the above, **the Authority recommends that while determining the AGR for the purpose of levy of license fee and Spectrum Charges, the cost of handsets (which is separately identifiable) should be allowed as deduction from the Gross revenue of BSNL's Satellite based services under 'sui-generis' category.**

C. Miscellaneous issues

a) Import License

2.37 During the process of consultation, some stakeholders opined that there should be no requirement of Import License for import of handsets, accessories & spares for handsets and spares for Gateway by BSNL. One Stakeholder submitted that sometimes WPC takes long time duration to

issue permission to import the communication equipments; hence the time limit may be fixed and adhered to.

Analysis

2.38 The Authority had examined this matter in its recommendations on ‘Ease of Doing Telecom Business’ dated 30th November 2017 and had, *inter-alia*, recommended-

“There should be a defined time-line, not exceeding 30 days, within which an Import Licence should be granted. The time-line should be declared on the portal as well as in the Citizen’s Charter.

To ensure that application is complete and all the required documents are attached, the online portal should accept the application and generate the acknowledgement only when all the mandatory field(s) in the online application form have been filled by the TSP and all the documents as per the WPC’s check-list are uploaded by the TSP. “

2.39 **The Authority reiterates its earlier recommendations that there should be a defined time-line, not exceeding 30 days, within which an Import Licence should be granted and the same should be declared on the portal as well as in the Citizen’s Charter.**

b) International roaming

2.40 During the process of consultation, many stakeholders opined that in-roaming and out-roaming for GSP Services may also be permitted being a global service. The main reason being that there is a gateway in India. With the gateway in India, GSPS should be treated at par with mobile roaming GSM services. One of these stakeholders cited that today Indian companies and services are going global and are doing critical infrastructure projects in many countries that are politically and militarily unstable. It is important that a field engineer working in such

countries has access to roaming facility in his mobile satellite GSPS. Similarly in-roaming should be freely allowed. With the gateway in India, international roaming should be allowed and an advisory should be sent to Indian customs to remove the banners in airport that say “carrying satellite phones are illegal”.

- 2.41 The policy of re-registration by incoming international customers from MHA, despite having gateway in the country, discourages them to use these critical services. In this process BSNL & DoT loose revenues despite having necessary lawful interception facilities available with all the LEA's.

Analysis

- 2.42 DoT while giving permission for voice services through its letter dated 23rd May 2017, categorically mentioned that no in-roaming and out-roaming facilities to the customers shall be permitted. While it is understood that DoT would have some reasons for not allowing roaming services, since more than one year has passed after launch of GSP service by BSNL and the systems would have become stable and reliable. Therefore, the Authority is of the view that DoT may review this.
- 2.43 In view of the above, **the Authority recommends that DoT may review whether roaming service can be allowed for GSP service customers in a similar way in which mobile roaming is permitted.**

c) Service Restriction in Barred Areas

- 2.44 During the consultation process, most of the stakeholders submitted that there should not be any restriction of barred areas (Punjab, J&K, NE, Coastal areas of Gujarat, TN, border districts of Rajasthan) defined previously (when gateway was not in India), as Gateway is available in India with LIM facility. Being a service which is meant for emergencies it

is helpful for disaster and emergencies, there should not be any areas which are prohibited from using this service. This will further bring benefit to Indian authorities and population.

2.45 One of the stakeholders has also mentioned that after the recent Cyclone/flooding in Tamil Nadu and Kerala, there is a growing awareness for the importance of carrying a mobile satellite device. Fisheries laws in these states are being changed to make carrying as satellite device essential. The restrictions in using mobile satellite GSP service in coastal areas of TN and Gujarat has to be removed in the larger interest of the south Indian fishermen who year after year have to face the perils of cyclones or the occasional tsunami.

2.46 One of the stakeholders has also submitted that the geographical areas having the maximum need for these services are unfortunately designated “barred areas”. Now with the gateway available in India with LIM facility, all areas should be unbarred, so that users everywhere are able to take advantage of this technology.

Analysis

2.47 It is worth mentioning that major proportion of the land areas which have been categorized as ‘barred areas’ would be covered with other territorial telecommunication services and if there are some uncovered areas, satellite based connectivity could be the only way to establish connectivity; thus, such areas perhaps needs this service the most. Further, now that the gateway has been established in India, all the traffic within India is essentially routed through the Indian Gateway at Ghaziabad. Like any other terrestrial telecommunication network, establishment of gateway enables Lawful interception and monitoring. Therefore, the Authority is of the view that there appears to be no reason for barring services in certain land/coastal areas.

2.48 It may also be pertinent to mention that the Government has notified the Flight and Maritime Connectivity Rules, 2018 on 14th December 2018. These Rules, *inter-alia*, permit provision of wireless voice and data services on ships within Indian territorial waters. According to these rules, if the services are provided using satellite system, the telegraph message should be passed through the satellite gateway earth station located within India and the service provider should ensure that the systems enable lawful interception and monitoring of telegraph messages. Similar requirements are applied on BSNL under the license granted to it for 'Provision and Operation of Satellite based services using the gateway installed in India'. Therefore, there appears to be no rationale for barring GSP services in certain coastal areas.

2.49 In view of the above, **the Authority recommends that consequent to the establishment of Gateway by BSNL, DoT may review the need to restrict the GSP Service in certain (barred) areas.**

CHAPTER- III: LIST OF RECOMMENDATIONS

1. **The Authority recommends that the formula based spectrum charges should be replaced with AGR based spectrum charges in respect of provision of services by BSNL under its license for ‘Provision and Operation of Satellite based services using Gateway installed in India’ under ‘sui-generis’ category. These charges would cover the entire spectrum charges for handsets as well as for gateway.**

[Para 2.26]

2. **The Authority recommends that the spectrum charges should be levied at 1% of the AGR of BSNL’s satellite based services under ‘sui-generis’ category.**

[Para 2.30]

3. **The Authority recommends that while determining the AGR for the purpose of levy of license fee and Spectrum Charges, the cost of handsets (which is separately identifiable) should be allowed as deduction from the Gross revenue of BSNL’s Satellite based services under ‘sui-generis’ category.**

[Para 2.36]

4. **The Authority reiterates its earlier recommendations that there should be a defined time-line, not exceeding 30 days, within which an Import Licence should be granted and the same should be declared on the portal as well as in the Citizen's Charter.**

[Para 2.39]

5. **The Authority recommends that DoT may review whether roaming service can be allowed for GSP service customers in a similar way in which mobile roaming is permitted.**

[Para 2.43]

6. **The Authority recommends that consequent to the establishment of Gateway by BSNL, DoT may review the need to restrict the GSP Service in certain (barred) areas.**

[Para 2.49]

Annexure 1.1

Government of India
Ministry of Communications
Department of Telecommunications
Wireless Planning & Coordination Wing,
Sanchar Bhawan, New Delhi-110001.

No. J-14044/03/2015-SAT

Dated: 13.08.2018

To,

The Secretary,
Telecom Regulatory Authority of India,
Mahanagar, Doorsanchar Bhawan,
Jawahar Lal Nehru Marg, (Old Minto Road)
New Delhi -110002.

Subject: TRAI Recommendations on methodology of levying spectrum charges for INMARSAT terminals in view of establishment of INMARSAT gateway for providing services by M/s BSNL- Reg.

Sir,

I am directed to state that based on the TRAI recommendations dated 12.05.2014 on 'Provisioning of INMARSAT / Satellite Phone services', M/s BSNL has been granted a service license No. 800-87/2014-CS dated 25.08.2014 (Copy enclosed as Annexure-I) for "Provision and Operation of Satellite based services using Gateway installed in India" under "Sui-generis" category by DoT. A brief on the operation of Inmarsat services & Establishment of INMARSAT Gateway by M/s BSNL in India based on the TRAI recommendations is enclosed herewith as Annexure-II.

2. TRAI Recommendations dated 12.05.2014 were silent on the issue of spectrum charges for provision of services under '**Sui-Generis**' category of license. Further, service license mentions that spectrum related charges are payable as per applicable charging orders. Accordingly, WPC Wing continued to levy the annual spectrum charges for the Gateway and user terminals as per the charging orders in force (that is on formula basis and is proportional to number of terminals and frequency bandwidth used by them). As per order No. P-11014/34/2009-PP(III) & (IV) dated 22.03.2012 (Copy enclosed as Annexure-III) the applicable charges for Gateway & user terminal is Rs. 37,81,000/- and Rs 14250/- respectively per annum. This amount needs to be paid in advance annually.

3. After establishment of the Inmarsat Gateway and commencement of voice services by M/s BSNL, M/s BSNL has been declared as a single window agency to deal with WPC Wing and obtain NOC from MHA for use of Isat phones on behalf of existing as well as new users/customers. Accordingly, M/s BSNL has been issued frequency authorization letters for 8000 Isat phones after payment of advance annual spectrum charges @ Rs. 14250/- per terminal.

4. Now, M/s BSNL is requesting to change the present methodology of spectrum charging from formula based to AGR method for provision of this service in line with commercial VSAT service provider (Copy enclosed as Annexure-IV). It may be mentioned that spectrum charging method for commercial VSAT service providers is on AGR basis.

4.1 It has been decided by the competent authority that matter may be referred to TRAI for their recommendations on the method of levy of annual spectrum charges.

5. In view of the above, it is requested that TRAI may provide its recommendations on the above subject as per the proviso under section 11(1) of TRAI Act 1997 (as amended from time to time).

Yours faithfully,



(Sukhpal Singh)
Joint Wireless Adviser

Enclosure: As Above

Brief on the operation of Inmarsat services & Establishment of INMARSAT Gateway by M/s BSNL in India

(I) Background on provision of INMARSAT based services:

- (i) As per international treaty, as on date, only Inmarsat Organization has been mandated to provide the Global Maritime Distress and Safety System (GMDSS) services for maritime applications.
- (ii) M/s TCL (erstwhile Videsh Sanchar Nigam Ltd) started to provide Inmarsat services (including GMDSS) such as Inmarsat-B, C, M, Mini-M & M-4 terminals under ILD service license through their Land Earth Station (Gateway) at Pune. WPC Wing has been issuing frequency assignments and Wireless Operating Licenses (WOL) for these Inmarsat terminals based on the No Objection Certificate from CS Cell of DoT after payment of applicable spectrum charges.

(II) GMPCS (Global Mobile Personnel Communication by Satellite) Service License Conditions:

- (iii) For provision of Satellite Telephone service in the country, GMPCS service license was introduced in 2001 based on the TRAI recommendations. As per the GMPCS license conditions, establishment of GMPCS Gateway in India is mandatory.
- (iv) DoT received various proposals from different satellite operators, namely Inmarsat, Iridium, Thuraya, Globalstar etc. for grant of GMPCS license. However, since no operator could establish GMPCS gateways in India which was one of the main condition in the GMPCS license, the request of the companies were rejected.
- (v) It was also decided that the urgent requirement of Central Para Military Forces/ State Police Forces/ Disaster management authorities for use of satellite phone service can be met by direct procurement of these terminals (ISAT phones, BGAN, Fleet Broad Band etc) by these agencies. But this arrangement has some advantages as well as limitations and drawbacks.
- (vi) WPC Wing has been issuing frequency assignment and WOLs for these satellite phones/terminals based on the No Objection Certificate from Ministry of Home Affairs after payment of spectrum charges @ Rs.14250/- per terminal per annum. There was no Gateway in India for these services.

(III) Establishment of Gateway by M/s BSNL:

- (vii) On 23.12.2010, as there was no licensee for GMPCS services in the country so far, M/s BSNL was asked to take up the issue with Inmarsat or any other satellite operator to examine the possibility of establishing a GMPCS Gateway.
- (viii) M/s BSNL submitted detailed technical report for the setting up the Gateway in India in collaboration with Inmarsat and had requested DoT for the budgetary support for the amount around 8 Million US\$.(Rs. 44 Crores)
- (ix) The proposal of BSNL was considered by DoT and it was decided that the budgetary support to establish GMPCS Gateway in India by BSNL shall be provided from USO Fund.
- (x) BSNL submitted their proposal to offer Global Satellite Phone Service (GSPS) being provided by Inmarsat and applied for GMPCS license without the requisite fee. However, BSNL later on, in July, 2013, shown their unwillingness to obtain the GMPCS License with the requisite processing fee/ entry fee.
- (xi) BSNL further informed that Inmarsat would not be able to extend these services under GMPCS category license. It was intimated that the Inmarsat services are not being operated as GMPCS services in other countries and the Inmarsat services are usually classified by national regulators in a category befitting its unique role and mostly Inmarsat services are regulated in a 'sui generis' category, simply as Inmarsat services.
- (xii) After announcement of the guidelines for grant of Unified License on 19th Aug, 2013, the older GPMCS guidelines of the year 2001 were superseded and thereafter GMPCS authorization can be obtained Unified License.
- (xiii) After issue of guidelines for Unified License, the Inmarsat services in India could be operated under two different categories (i) Inrmarsat terminals (except Land Mobile service) permitted to M/s TCL (due to legacy) and (ii) Land Mobile sat phone service covered under Unified License.

(a) TRAI Recommendations dated 12.05.2014:

- (xiv) On 13.12.2013, TRAI recommendations were sought on the appropriateness and feasibility of the Inmarsat services Under Unified License with GMPCS Authorization (Chapter XII) or Framing of another Authorization (New Chapter) under the Unifies License.
- (xv) TRAI provided its recommendations dated 12.05.2014. These recommendations were accepted by the Telecom Commission.

- (xvi) A license fee @ 8% of AGR was prescribed for services provided under this license and other conditions of license was similar to GMPCS authorization under Unified License.
- (xvii) **TRAI has not made any recommendations about the spectrum charging (SUC) for this service.**

(b) 'Sui-Generis' category License for provision of satellite based service to M/s BSNL:

- (xviii) On 25.08.2014, License was issued to M/s BSNL for provision of Satellite based services using Gateway Installed in India under 'sui generis' category on non-exclusive basis.
- (xix) **Relevant Clause of the license about spectrum charges:**

“Clause 18.3: In case the licensee obtains the spectrum, the licensee shall pay spectrum related charges, including payment for allotment and use of spectrum, as per provisions specified in the relevant NIA document of the auction of the spectrum or conditions of spectrum allotment/Lol/directions/instructions of the licensor/WPC Wing in this regard. The spectrum related charges shall be payable separately, if any.”

- (xx) On 26.04.2016, M/s BSNL was issued frequency assignment for installation and operation of Inmarsat Gateway for Inmarsat services after payment of annual spectrum charges Rs. 37,81,000/-. Spectrum charges are being levied on formula basis as per the WPC wing OM dated 22.03.2012. Subsequently, on 27.03.2017, BSNL has been issued WOL No. GMPCS-01/01 for INMRSAT gateway at Ghaziabad to provide satellite based services.
- (xxi) On 23.05.2017, DoT has granted permission to M/s BSNL for commencement of voice service as per the provisions of the Clause 7 of the license agreement with immediate effect.
- (xxii) After establishment of the Inmarsat Gateway and commencement of voice services by M/s BSNL, M/s BSNL has been declared a single window agency to deal with WPC Wing and obtain NOC from MHA for importing of Isat phones on behalf of existing as well as new users/customers. Accordingly, M/s BSNL has been given frequency authorisation for 8000 ISAT phone terminals after payment of spectrum charges @ Rs14250/- per ISAT phone.
- (xxiii) As on date M/s BSNL is providing only voice service (Isat phone) through their Inmarsat Gateway.

(IV) Issue:

(i) TRAI Recommendations dated 12.05.2014 were silent on the issue of spectrum charges for provision of services under '**Sui-Generis**' category of license. Further, service license mentions that spectrum related charges are payable as per applicable charging orders. Accordingly, WPC Wing continued to levy the annual spectrum charges for the Gateway and user terminals as per the charging orders in force (that is on formula basis and is proportional to number of terminals and frequency bandwidth used by them). As per order No. P-11014/34/2009-PP(III) & (IV) dated 22.03.2012 the applicable charges for Gateway & user terminal is Rs. 37,81,000/- and Rs 14250/- respectively per annum. This amount needs to be paid in advance annually by M/s BSNL.

(ii) Now, M/s BSNL is requesting to change the present methodology of spectrum charging from formula based to AGR method for provision of this service in line with commercial VSAT service provider. It may be mentioned that spectrum charging method for commercial VSAT service providers is on AGR basis.

Government of India
Ministry of Communications & IT
Department of Telecommunication
Wireless Planning & Co-ordination (WPC) Wing

Sanchar Bhavan,
20, Ashoka Road,
New Delhi-110 001

No. P-11014/34/2009-PP (III)

Date: 22nd March, 2012

ORDER

Subject: Royalty charges for Assignments of Frequencies to 'Captive Users' (users being charged on formula basis) including all Government Users, involving Satellite based systems.

In pursuance of Power conferred by section 4 of the Indian Telegraph Act, 1885(13 of 1885) and in supersession of this Ministry's Orders order no. J-19011/1/98-SAT, dated 14/09/1998, and No. R-11014/26/2002-LR, Dated 06/05/2003, the Central Government has decided the following Royalty charges for Assignments of Frequencies to 'Captive Users' (users being charged on formula basis) including all Government Users, involving all Satellite based systems (i. Broadcasting: Radio, Television, DSNG etc; and ii. Other networks:, ILD, INMARSAT, NLD, Teleport, VSAT etc):-

2. *The Standard Annual Royalty Factor shall be Rs.35000 per Frequency.* It shall be applied to the total licensed bandwidth of each frequency of any type of satellite-based Radio-communication network (including ILD, NLD, Teleport, DSNG, DTH, VSAT, INMARSAT and Satellite Radio), together with the relevant Bandwidth Factor (B_s) given in Table D below, to arrive at the amount of Annual Royalty per Frequency, R, payable for an Uplink or a Downlink as per the following formula:

$$\text{Royalty, R (in Rs.)} = 35000 \times B_s$$

Table D: Bandwidth Factor (B_s) for Satellite Communications

Bandwidth Assigned to a Frequency (W KHz)	Bandwidth Factor, B_s , for an uplink		Bandwidth Factor B_s for a downlink	
	Broadcast	Others	Broadcast	Others
Up to and including 100 KHz	0.25	0.20	NIL	0.20
More than 100 KHz and Up to and including 250 KHz	0.60	0.50	NIL	0.50
More than 250 KHz and upto 500 kHz	1.25 @	1.00 @	NIL	1.00@
For every 500 kHz or part thereof	1.25 @	1.00 @	NIL	1.00@

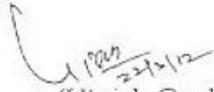
[@ for every 500 kHz or part thereof]

3. In addition to above, the explanatory "Notes" on the applicability of royalty charges, are as follows:

- i. As a principle, charges for radio spectrum be levied for both uplinks and downlinks, as the nature of the resource remains the same. Charging will however only be in respect of the frequencies transmitted from or into Indian Territory.

Royalty Charges, Satellite based systems

- ii. The DSNG, SNG etc., be levied royalty charges for radio frequencies used on both Uplinks and Downlinks, because these are dedicated links that cannot be equated with broadcasting service.
 - iii. For DSNG's, in case the same frequency carrier is used by the user (assignee of RF) from different OB vans belonging to him, additional royalty @ 25% of the basic royalty be charged from him, however if the additional OB vans are located within the same premises additional royalty @ 25% of the basic royalty will not be charged.
 - iv. For Temporary Unlinking, a minimum royalty equivalent to that for one month be charged.
4. For Charging of "Licence fee and other fees, Surcharge/ late fee and Charging Methodologies for Royalty / licence fees, Order No. No. P-11014/34/2009-PP (IV) dated 22nd March, 2012 shall be applicable.
 5. This issues with the concurrence of the Wireless Finance Division, vide thir Dy. No.482/Sr.DDG(WPF), dated 19/3/12.
 6. This Order shall come into force from 1st April 2012.


(Viresh Goel)
Deputy Wireless Advisor
to the Government of India

Copy to:

1. All concerned
2. Wireless Finance Division
3. Wireless Monitoring Organisation
4. Director, IT DoT for uploading on DoT website
5. DWA(ASMS) for uploading on WPC Wing website

Government of India
Ministry of Communications & IT
Department of Telecommunication
Wireless Planning & Co-ordination (WPC) Wing

Sanchar Bhavan,
20, Ashoka Road,
New Delhi-110 001

No. P-11014/34/2009-PP (IV)

Date: 22nd March, 2012

ORDER

Subject: Licence fee and other fees, Surcharge/ late fee and Charging Methodologies for Royalty / licence fees for 'Captive Users' (users being charged on formula basis) including all Government Users.

In pursuance of Power conferred by section 4 of the Indian Telegraph Act, 1885(13 of 1885) and in supersession of this Ministry's Orders No. R-11014/28/2004-LR dated 23.03.2005, and No. R-11014/4/87-LR dated 20.07.1995 the Central Government has decided the following rates of Licensee fees, and other fees, Surcharge/ late fee and Charging Methodologies for Royalty / licence fees for different types of Assignments of Frequencies to 'Captive Users' (users being charged on formula basis) including all Government Users. :-

2. License Fees

Sl. No.	Type of License	Annual License Fee, Rs.	Remarks
i.	Fixed/ Land Station	500	Per station
ii.	Land Mobile Station	250	Per station
iii.	Captive paging (Hub)	2000	Per Hub
iv.	Maritime Mobile Station (fishing trawlers)	500	Per trawler
v.	Maritime Mobile Station (Ships)	5000	Per ship
vi.	Aero-mobile Station	5000	Per aircraft
vii.	USR (short range)	250	Per station
viii.	Fixed station of Microwave links/ Radar Station/NLD station/BTS	1000	Per station
ix.	CMRTS fixed station	500	Per fixed station
x.	CMRTS Mobile Station	250	Per mobile station; vehicle mounted or hand-held
xi.	Fixed station in Satellite Network, e.g., DTH/ Teleport/ DSNG/ NLD/ ILD/ DCP/ IP-II	1000	Per Fixed Station
xii.	Captive V-SAT	500	Per Hub or Terminal
xiii.	INMARSAT	250	For Mobile terminal
xiv.	INMARSAT	500	For Fixed terminal

NOTE: License Fee for standby sets shall also be charged at the same rates.

WPC

3. Fees for issuing duplicate copies and License Modification

Sl. No.	Type	Fee in Rupees
i.	Duplicate copy of License (Without Schedule)	500
ii.	Duplicate copy of Schedule(s) of a License	500
iii.	Duplicate copy of Renewal Certificate	250
iv.	License Modification	1000

4. Charging Methodologies for Royalty / licence fees:

- i. No radio frequency be assigned, reserved, or blocked through a Decision Letter, Agreement-in-Principle, or any other instrument of like nature unless the applicant pays, in advance, all applicable license fees and royalty charges for the full duration of authorization/ assignment of the radio frequency, or minimum of one year, whichever is less.
- ii. Upon successful processing of an application requesting for an assignment of radio frequency (RF), the applicant be informed about the License Fees and Royalty required to be deposited by him. These shall be calculated for the full period of the requested assignment. Where the period is greater than one year, the wireless user/ applicant has to pay the license fee and royalty in annual installments in advance every year.
- iii. Immediately thereafter, but in no case later than thirty (30) days from the date of issue of the said letter, the applicant shall pay the charges for issue of License/ DL/ AIP, if otherwise permissible. If, on the other hand, the payment is not received within this period of 30 days, the application will be treated as *cancelled* and the frequencies shall be freed for being assigned to others. If the same applicant wants to subsequently pursue the application, he shall be required to submit a *fresh* application.
- iv. The amounts due for different periods may be determined as follows.

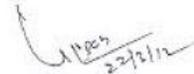
License Period	License Fee payable	Royalty payable from the date of DL/ AIP/ WOL, as the case may be	Method of payment
One month or less	At specified flat rate.	Annual royalty divided by 12.	Full license fee & royalty to be paid in advance at the time of issue of DL/AIP/ license.
More than one month but up to one year	At specified flat rate.	On pro-rata basis. However, part of a month shall be taken as one month.	-- do --
More than one year	At specified flat rate.	On pro-rata basis. However, part of a month shall be taken as one month.	Pay the L/fee plus Royalty for the entire duration in advance at issue of DL/AIP/ license, OR pay it in annual advance instalments.

- v. In case the licensee defaults on one of the annual installment payments, all the remaining installments shall become immediately payable.

Handwritten signature/initials

Licence fee, late fee and Charging Methodologies

- vi. A Licensee shall be responsible to apply for the renewal of his/ her existing frequency authorization or wireless operating license (WOL), within a period of thirty (30) days *before* the expiry of the said WOL/AIP/DL.
 - vii. **Surrender of a License/ AIP/ DL:** Spectrum charges are payable minimum for one month and thus on surrender of licenses the Royalty charges in excess of one month can be adjusted. However, any monetary refund can only be made if the payments have been received for more than one year and surrender results the Royalty charges in excess of 1 year. The word "surrender" in this paragraph shall mean surrender of a complete License/ AIP/ DL with all its frequency assignments.
5. **Surcharge/Late Fee for Late Renewal of Wireless Station Licenses:** Surcharge/ Late fee for delayed renewal of various licenses shall be levied on the total amount due (i.e. license fee *plus* royalty charges) @ 2% per month or part thereof, subject to the minimum of Rs. 250/- per license. In case the delay is more than one year the said late fee shall be applied in an *annually compounded* manner.
6. This issues with the concurrence of the Wireless Finance Division, vide this Dy. No.482/Sr.DDG(WPF), dated 19/3/12.
7. This Order shall come into force from 1st April 2012.



(Viresh Goel)

Deputy Wireless Advisor
to the Government of India

Copy to:

1. All concerned
2. Wireless Finance Division
3. Wireless Monitoring Organisation
4. Director, IT DoT for uploading on DoT website
5. DWA(ASMS) for uploading on WPC Wing website

Annex-IV

भारत संचार भवन, हरीश चन्द्र माथुर लेन,
जनपथ, नई दिल्ली-110001, भारत
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भारत संचार निगम लिमिटेड
(भारत सरकार का उद्यम)
BHARAT SANCHAR NIGAM LTD.
(A Government of India Enterprises)

अनुपम श्रीवास्तव
अध्यक्ष एवं प्रबन्ध निदेशक
ANUPAM SHRIVASTAVA
Chairman & Managing Director

D.O. No. 100-81/2017-TPL(R)
Dated: 9.4.2018

Respected Madam,

This is regarding payment of spectrum charges to WPC for Satellite Phones for the issue LOI/DL and import licence thereof. I want to bring into your kind notice the following:

1. BSNL has been nominated as Nodal Agency on the behalf of users for the import of Sat Phones vide DOT letter no 800-87/2011-cs-1(Pt-II) dated 12.06.2017. As a result BSNL takes NOC from MHA and import license from DOT on the behalf of users/customers.
2. DOT is levying fixed charges of Rs 14250 per satellite Phone as spectrum charges and license fee and is asked to pay at the time of issue of LOI prior to import and issue of handsets to the users.
3. The user department does not immediately places the order to BSNL because of so many factors including availability of funds and financial concurrence and many other factors etc. There is a Gap of 3 to 6 months between the BSNL procuring the handsets and the user department getting the Sat Phones. BSNL pays license fee on the behalf of users in advance at the time of issue of LOI.
4. User departments take its own time because of their procedure / procurement guidelines for purchase/subscription. BSNL can't impose any time schedule on the user department.
5. This needs to be amended as this practice may be good for the giving decision letter for wireless operating licences for BTS and other wireless spectrum permissions for telecom service providers. But the same practice should not be imposed on Sat Phone service spectrum charges. The user is not having device in possession and is asked to pay from back date.
6. DOT Vide WPC letter no J-19044/7/2015-SAT-06.07.2017 Para 4 stated that charges for the spectrum and Licensing methodology is under examination. BSNL has already deposited app Rs 11 Crores towards spectrum charges. Already nine months has passed but still we are waiting for the changes in the methodology for the charges of the spectrum. Now the date of renewal is also approaching and BSNL has to pay from its own pocket.
7. I have highlighted the same concern vide my DO no. 100-81/2016-TPL (R) Dated 20.09.2017 to your good self. The Charging method should be on AGR basis as GSPS Service of providing Sat phone is akin to Commercial VSAT service. Charging of licence fee @8% is recommended by TRAI for Inmarsat Services in its recommendations to DOT in May 2014. Hence Spectrum Charges of WPC should also be charged on AGR basis. This shall completely simplify the process without any ambiguity.

I hereby request your good self to kindly give suitable directions in the matter as BSNL is paying the charges for the period when Sat handsets is not issued to the user.

With Profound regards,

Yours Sincerely,

Smt. Aruna Sunderrajan, IAS
Chairman TC & Secretary (T)
Department of Telecommunications,
Sanchar Bhawan, New Delhi-110001.

पंजीकृत एवं निर्गमित कार्यालय : भारत संचार भवन, हरीश चन्द्र माथुर लेन, जनपथ, नई दिल्ली-110001
Regd. & Corporate Office : Bharat Sanchar Bhawan, H.C. Mathur Lane, Janpath, New Delhi-110001
Corporate Identity Number (CIN) : U74899DL2000GOI107739
Website : www.bsnl.co.in

भारत संचार भवन, हरिश् चन्द्र माथुर लेन,
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भारत संचार निगम लिमिटेड
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(A Government of India Enterprises)

अनुपम श्रीवास्तव
अध्यक्ष एवं प्रबन्ध निदेशक
ANUPAM SHRIVASTAVA
Chairman & Managing Director

D.O.No.100-81/2016-TPL(R)/
Dated: 27.09.2017

Respected Madam,

Kindly refer to my D.O. of even No. dated 19th June 2017 (copy enclosed) vide which I have requested for finalisation of spectrum charges for Global Satellite Phone Service (GSPS) of BSNL of AGR basis.

Presently WPC is levying spectrum charges for GSPS Gateway as well as for GSPS handsets separately on the basis of WPC Order No. P-11014/34/2009 - PP(III) dated 22.03.2012. The GSPS is a new service which is akin to GSM service or Commercial VSAT service. Therefore, the spectrum charges for GSPS needs to be prescribed on the basis of AGR. The License fee has also been prescribed as a percentage of AGR by DoT.

Recently, WPC has issued decision letter (DL) in the name of BSNL for 2000 GSPS handsets on 01.09.2017 after payment of Rs. 2.85 Cr.

There should not be any spectrum charges and license fee for the Satellite handsets. Till the procedure is modified, the following needs to be considered:

- At present BSNL is required to pay the spectrum charges upfront on behalf of end customer.
- There shall always be a gap between the BSNL acquiring DL and import license from WPC and user taking satellite service from BSNL. So BSNL should not be liable for the spectrum charges and license fee for the handsets for the intervening period between the date of import license and end user taking service from BSNL.
- BSNL suggests that Spectrum charges to WPC for the Satellite handsets should be payable from the date the end user takes the service from BSNL.
- BSNL will be require to keep some handsets as spares for maintenance purposes. Spectrum charges on spare equipment should not be payable.

The GSPS being a new service which is akin to Commercial VSAT service, the spectrum charges for the same needs to be prescribed on the basis of AGR.

In view of above, I would request you to prescribe the spectrum charges for GSPS on AGR basis, as being done for VSAT Services, so the business can be conducted smoothly by BSNL.

With profound regard,

Yours sincerely,

o/c
D.N-1144
22-09-17

(Anupam Shrivastava)

Smt. Aruna Sundararajan,
Chairman TC. & Secretary (T),
DoT, Sanchar Bhawan,
20, Ashoka Road, New Delhi-110001

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S.No. 10(R)

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BHARAT SANCHAR NIGAM LTD.
(A Government of India Enterprise)

अनुपम श्रीवास्तव
अध्यक्ष एवं प्रबंध निदेशक
ANUPAM SHRIVASTAVA
Chairman & Managing Director

No. 100-59/2016 -TPL(R) / Part VIII/ 85
Dated: 11.06.2017

Respected Madam,

This is regarding importing GSPS handsets for migrating Mini-M customers and also for providing services to new customers. In this regard, Ministry of Home Affairs has now given permission to BSNL for importing of 2000 IsatPhone2. We are now ready to import 2000 GSPS handsets (IsatPhone-2) from M/s Inmarsat. BSNL has accordingly submitted request to WPC for issuing import clearance / license.

In this regard, Director (Ent.), BSNL had a meeting with Member (Services / Technology) on 14.06.2017 Joint Wireless Advisor (JWA), WPC was also called in that meeting. A copy of authorisation issued to BSNL by MHA (Annexure-'A') for import of the handsets was shown to JWA. The JWA, WPC intimated that the adequacy of the permission issued by MHA needs to be examined in line with the procedure of WPC.

DOT vide letter No. 800-87/2011-CS-I (Part-II) dated 12.06.2017 (Annexure-'B') has issued detailed instructions for provisioning of satellite based services and as per this letter, DOT has mandated BSNL to act as a single window agency for dealing with MHA, WPC & DoT for satellite based services as well as the import of the handsets.

As per Inmarsat the 3rd generation satellite services (Mini-M) working in the country will be closed by 30th June 2017. Copy of letter received from Inmarsat is enclosed as Annexure-'C'. For migrating the existing customers' import of handsets is a primary requirement. If handsets are not imported, the mission critical communications of Government Agencies may be impacted in a major way. DoT has also asked us to migrate all customers availing Satellite Phone Services directly from Inmarsat vide letter no. 8000-87/2011-CS-I (Part II) dated 30.06.2017 (Annexure-'D'). Further, GSPS Handsets are also required to provide services to new customers.

The GSPS service is being launched 1st time in India by BSNL, under Int'l-Genesis category with gateway in India. Therefore, there is a need to revise the complete procedure of WPC for issue of import license for GSPS handsets and payment of spectrum charges for GSPS Network as well as for handsets.

In view of above, I request you to cause issue of permission to BSNL for importing 2000 nos. of GSPS handsets (IsatPhone2) on top priority pending finalisation of WPC procedure and the finalisation of spectrum charges for GSPS Service on AGR basis.

With profound regard,

Yours sincerely,

(Anupam Shrivastava)

Smt. Aruna Sundararajan, IAS,
Chairman TC & Secretary (T),
Department of Telecommunications,
Sanchar Bhawan, 20, Ashoka Road,
New Delhi-110001

Copy to:

1. Member (Technology), DOT
2. Member (Services), DOT
3. Wireless Advisor, WPC, DoT

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