



To,

Pr. Advisor (F & EA),
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
(Old Minto Road), New Delhi-02

(Kind attention: Sh. S. K Mishra)

No: Regln/1-25/2013/Vol. I/9023

Dated: 27, Oct, 2016

Sir,

Sub:- Comments on Consultation paper on "Spectrum Usage Charges and Presumptive Adjusted Gross Revenue for internet Service Providers and Commercial Very Small Aperture Terminal Service Provider".

Kindly refer to your office press release dated 19th August, 2016 regarding Consultation Paper on "Spectrum Usage Charges and Presumptive Adjusted Gross Revenue for internet Service Providers and Commercial Very Small Aperture Terminal Service Provider". In this context, kindly find herewith the BSNL comments on the above mentioned Consultation Paper:

Q1: Should the spectrum assignment on location basis/link-by-link basis on administrative basis to ISPs, be continued in the specified bands. If not, please suggest alternate assignment mechanism. Please justify your answer.

BSNL Reply: No Comments.

Q2: Should minimum presumptive AGR be introduced in ISP license for the purpose of charging SUC? If yes, what should be the value of minimum presumptive AGR and basis for its computation? Please provide justification for your response.

BSNL Reply: There should be no minimum presumptive AGR to be introduced in ISP license for the purpose of charging SUC.

Q3: Is there a need to introduce SUC based on percentage of AGR for ISPs or should the existing formula based spectrum charges continue? Please give justification while suggesting a particular method of charging SUC.

BSNL Reply: The existing formula based spectrum charges mechanism to be continued.

Q4: If AGR based SUC is introduced, whether the percentage of AGR should be uniform for all ISP licenses or should it be different, based on revenue/spectrum-holding/any other suitable criteria? Please suggest suitable criteria with reasons.

BSNL Reply: The percentage of AGR should be uniform for all ISP licenses.

Q5: What mechanism should be devised for ISP licensees to identify revenue generated from use of spectrum and revenue generated without use of spectrum? Please give your view on this with justification.

BSNL Reply: No Comments.

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Q6: In case minimum presumptive AGR is prescribed for the ISP license, what percentage should be applied on minimum presumptive AGR to compute SUC? Please provide justifications for your response.

BSNL Reply: No Comments.

Q7: In case, Formula based spectrum charging mechanism in ISP license is to be continued, do you feel any changes are required in the formula being currently used that was specified by DoT in March 2012? If yes, suggest the alternate formula. Please give detailed justification.

BSNL Reply: No change required. In ISP license formula based spectrum charging mechanism to be continued.

Q8: Do you propose any change in existing schedule of payment of spectrum related charges in the ISP license agreement?

BSNL Reply: No.

Q9: Should a separate regime of interest rates for delayed payment of royalty for the use of spectrum be fixed in ISP license or should it be the same to the prevailing interest rates for delayed payment of license fee/ SUC for other licensed telecom services?

BSNL Reply: No, the interest rates should be the same as in other licenses.

Q10: Should separate financial bank guarantee or single financial bank guarantee be submitted by the ISP licensee covering LF payable, fees/charges/royalties for the use of spectrum and other dues (not otherwise securitized)? If yes, what should be the amount of such financial bank guarantee in either case?

BSNL Reply: No FBG is to be required in case of BSNL.

Q11: Is there a need to specify minimum presumptive AGR for commercial CUG VSAT license for the purpose of charging SUC? If yes, what should be the value of minimum presumptive AGR and basis for its computation? Please provide justifications for your response.

BSNL Reply: There is no need to provide minimum presumptive AGR for commercial VSAT license. The existing arrangement for charging license fee and SUC on the basis of AGR is ok.

Q12: Should the SUC applicable to commercial VSAT services be reviewed? If yes, what should be the rate of SUC to be charged? Please give your view on this with justification.

BSNL Reply: There is a need to review the SUC charges. The SUC charges by kept at 1% of AGR irrespective of data rate. The customer payout is felt very high due to WPC- 4%, LF- 8% and ST-15% (Total 27%). The satellite bandwidth is very costly. Due to these factors, the business is not becoming viable. Therefore, SUC be made flat @ 1%. This will enable growth of VSATs.

Q13: In addition to the issues mentioned above, comments of stakeholders is also invited on any other related matter/issues.

BSNL Reply:

a). Comments on the method of calculation of AGR:

As per the present practice, SUC and License fee are payable on AGR basis which includes satellite BW, backhaul link, Internet bandwidth charges and equipment cost including any other equipment provided as part of VSAT network i.e. PCs, Routers, LAN equipment, Software etc. it includes even the revenue earned from scrapped equipment.

The transponder charges received from VSAT users is a revenue of pass through nature actually passed on to satellite operator like ISRO. In fact these charges are paid to ISRO in

advance. Therefore, these charges need to be deducted from gross revenue as being done for revenue passed to other service providers. Similar is the case for equipment cost.

Therefore, the satellite charges paid to the satellite operator and capital cost of equipment of VSATs may please be excluded from AGR.

b). DoT licensing cell issues license for service. Thereafter NOCC clearance is required and again operating license is to be obtained for VSAT service from WPC. Issuance of operating license by WPC is redundant. Monitoring by NOCC will be sufficient once DoT issues license. This will encourage and fulfil the objective of Govt. i.e. ease of doing business in India will be encouraged rather than license raj i.e. involving multiple departments for the same purpose can be minimized.

Hence, after obtaining DoT license and NOCC clearance, the operators may be permitted to roll out VSAT services.

c). **Minimum Antenna Size:** At present, the minimum size of VSAT antenna dish is 1 m in Ku-band. This may be relaxed to say 0.6 m on view of high throughput satellite technology which has spot beams with high effective radiated power (EIRP). Due to this, the deployment and operational costs will come down, thereby customers will get the end benefit of VSAT services at affordable costs.

This being a technical issue perhaps a committee can be constituted to study and recommend the suitable dish size in view of emerging space technology.

d). The VSATs are very useful for communication during critical situations like natural calamities, floods, fire accidents and riots. The operators have to obtain specific approval for providing VSATs from WPC. The specific approval for such requirements may not be enforced. Only intimation to WPC and NOCC may be insisted.

e). Need for revising SACFA Procedure:

i. The existing SACFA procedure is quite cumbersome and separate permission are required for each VSAT. Whereas VSAT antennas are installed either on the ground or on the roof of an existing building. Mostly 1.2 meter dia. Antenna with 1 W block Up Converter is used for establishing VSAT connectivity in Ku-band. The maximum height of a 1.2 meter a VSAT antenna is about 3 meters from ground.

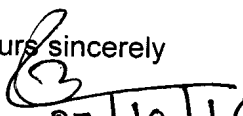
ii. As per SACFA siting procedure available in the website of WPC, the siting cases of VSATs having antenna diameter of 1.8/2.4 meters and total height of antenna up to 30 meters are processed under "Mast Height Category". However, there is no procedure is defined for VSAT antenna of less than 1.8 meters. These procedures were defined long back, when there were only few VSATs available in the network. In present scenario, the requirement of VSATs is growing at a very high rate, therefore, these procedures are inconsistent and are becoming bottlenecks in timely roll out of VSAT services in rural and remote areas.

iii. National Telecom Policy 2012, has also envisaged a need to review the existing SACFA clearance process for faster and simplified site clearance. **TRAI, vide para 4.51 of its Recommendations dated 12.04.2011** on Telecom Infrastructure Policy has also recommended that DoT should review the existing procedure for various approvals regarding VSAT and prescribe strict timelines so as to reduce delay. Further, TRAI has also recommended to simplify the procedure with emphasis of automatic clearance in case of non-critical approvals. Broadband Policy 2004 of DoT has also envisaged need for streamlining the clearance process for WPC and SACFA.

In view of above, there is a dire need to simplify the SACFA procedure for clearance of VSAT antennas. BSNL suggestions in this regard are given below:

- i. In the case of VSAT terminals having antennas size of less than 1.8 meter, no SACFA / WPC clearance may be insisted, whenever the total height of such installation is less than 5 meters above the rooftop of an authorized building. The operators may be asked to upload details of such VSATs in the website of WPC.
- ii. The VSAT operators may be allowed to start the installation process for VSAT terminals immediately after submitting all relevant documents to WPC for SACFA / WPC clearance whenever the total height of such installation is less than 5 meters above the rooftop of an authorized building.
- iii. The need of submitting location map along with hard copy of SACFA application may be done away with.

Yours sincerely


27/10/16
Raghuvir Singh

AGM (RegIn-II)

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