

File No. 102-1/2001-MN

December 10, 2002

D.O. No. CP/

Dear Shri Vaish

This has reference to your letter No. 815-66/2002 – LR (PT.) dated November 1, 2002 seeking the comments of TRAI on two specific issues pertaining to VSAT license terms & conditions, viz., permitting higher data rate and reduction in license fee for captive VSAT network. The Authority has considered these issues, taking account of the developments since its previous Recommendations on the matter. In this process, the Authority also had discussions with VSAT Services Association of India (VSAI) and individual VSAT Service Providers. The VSAT industry has brought to our notice certain new applications such as Bulk data transfer for software industry, High speed back haul links for large customers, in-house training using audiovisual, Video data transfer for newsgathering and feed to studio applications, which require data rates higher than 512 Kbps in Mesh connectivity mode. It is also brought to our notice that this issue has been addressed by a sub-group of the Telecom Advisory Group (TAG), with representatives from industry, Department of Space, Department of Telecom and WPC and that in its recommendations to the TAG the sub-group has recommended an increase in bandwidth to 2 Mbps.

Keeping in view the requirements to support new applications, and also the fact that the pressure on transponder capacity has considerably eased due to

change in the Government's policy to permit foreign satellites, the Authority has recommended increasing the maximum transmission data rate from 512 Kbps to 2 Mbps for remote terminals for PAMA/ DAMA mode in mesh connectivity. Suitable amendments in the relevant TEC Recommendations will need to be made to accommodate the change in policy.

Earlier, while reconsidering the recommendations of TRAI based on DOT's reference on VSAT recommendations, the Authority had reiterated that the captive user network and commercial VSAT service providers should have the level playing field in terms of the license fees charged. In view of the level playing field aspect, the Authority considers that the license fee for captive users be fixed at a level, which matches the effective license fee charged from commercial VSAT service providers in the form of 10% of adjusted gross revenue. Since in case of captive VSAT network, there is no revenue, it is necessary to estimate the license fees paid by Commercial VSAT Service Provider on per terminal basis. This estimation varies from one service provider to other and also from one quarter to other. Based upon the data received from VSAT service providers, the license fee per VSAT per quarter comes in the range of Rs. 1200 to Rs 3000 per quarter. The license fee for captive VSAT Services need to be at a level, which while being conducive to the growth of VSAT industry also supports competition in the sector. Keeping in view the average effective license fees per terminal currently paid by Commercial VSAT Service Provider and the need to have similar license fees level for captive VSAT services, the Authority recommends that the annual

license fees per terminal for captive VSAT users be brought down from Rs 16000 to Rs. 8000.

Although the DOT's reference was only on these two points, the TRAI has also addressed the matter of minimum antennae size specified, based on its discussions with the industry. A reduction in the Antennae size has been facilitated with the improvement in EIRP and G/T of new satellites. For the end users, lower antennae size will mean lower terminal costs. Accordingly, the Authority has suo-motu recommended that the minimum size of the antennae be brought down to levels permitted by the new series of INSAT satellites without affecting the present performance levels. To begin with, such reduction can be permitted in co-ordinated transponders. For other transponders the condition of minimum antenna size could be relaxed on a case-to-case basis.

I am sure these recommendations will provide the industry with some new incentives and will benefit the end users.

With best regards,

(M.S.Verma)
Chairman

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