



VSAT Services Association of India

Plot No. 1, Sector 18
Electronic City
Gurgaon 122 015, (Haryana)
Phone: 91-124-3072500
Fax: 91-124-2398840
Website: www.vsatindia.org

Sep 07, 2016

Pr. Advisor (F&EA)
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg (Old Minto Road)
New Delhi – 110002

Dear Sir,

Sub: Submission of Comments with respect to Consultation Paper on SUC & Presumptive AGR for Internet Service Providers and Commercial VSAT Service Providers.

Ref: TRAI Consultation Paper No. 19/2016, Dated 19-Aug-16.

This is with reference to Consultation Paper No. 19/2016, Dated 19-Aug-16 issued by TRAI regarding SUC & Presumptive AGR for Internet Service Providers and Commercial VSAT Service Providers. In this regard, please find enclosed our comments for the same.

We hope you will find the above in order.

Thanking you

Yours Sincerely

K. Krishna
Vice President
VSAT Service Association of India

Encl: as above

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.

The industry has reached a very high level of maturity. All the non-serious players have exited out of this. Recent examples are EsselShyam (new name Planetcast Media) and Infinium. The market is dominated by players like Hughes, Bharti Airtel, Tatanet & BSNL. In the recent years, no new licenses have been issued by DoT. In the recent past, the Government owned NICS has claimed that it earns no revenue and hence no revenue share is payable. These are exceptions and that can be dealt with a rollout obligation clause in the license rather than a minimum presumptive AGR.

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.

Yes. It is very old and certainly needs a review. VSAT is a very potent medium for the Government to achieve the rural connectivity goals. Such rural connectivity needs to be encouraged. VSATs play a dominant role in the rural markets and most of the revenues earned by VSAT providers pertain to the rural markets. The high space segment costs, monitoring charges levied by NOCC, SACFA charges of Rs. 1000/- levied by DoT and the revenue share of 8% towards license fees and 4% towards SUC have increased the burden on the rural customers quite a bit. The spectrum is today allocated on a non-exclusive basis and is valid only for the duration of the assignment of the space segment. The multiplicity of monetization does not exist for this spectrum as the satellite provides a national footprint and the spectrum cannot be reused as it is in the case of terrestrial spectrum. World over this spectrum is charged to cover administrative costs. The current levy of 4% is very high and needs to be reduced to a minimum charge of 1% of AGR.

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

The biggest issue that the industry is facing is the administrative delay in assigning this spectrum. As on date the average time taken for issuance of decision letters by DoT to VSAT operators is in the order of ten months. While, ISRO assigns the space segment and begins its charging from day one, WPC takes an extremely long time for the assignment of the spectrum. This is in spite of the fact that the spectrum allocation mirrors the frequency assignment by ISRO and its approval by NOCC. This delay costs the service provider by way of space segment charges are payable during this period and is passed on to the rural customer. This is a unproductive cost and is only a result of administrative delay. This delay also impacts the telecom ministry in terms of the license fees and the SUC as the service providers begin to earn revenue only after the spectrum is assigned by WPC. In business terminology every stake holder in this equation loses. This needs to be dealt with and we look upon a recommendation coming from the regulator. The industry will be more than happy to provide any additional data that the regulator may need.