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Telecom Regulatory Authority of India

Mahanagar Door Sanchar Bhawan,

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New Delhi-110002

**Subject: ACTO's response to TRAI Consultation Paper dated 28th October 2016 on
Captive VSAT CUG Policy issues**

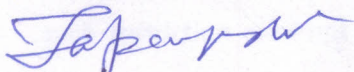
Dear Sir,

Association of Competitive Telecom Operators (ACTO) is pleased to submit its response to TRAI Consultation Paper on Captive VSAT CUG Policy issues.

We hope that our comments (enclosed as Annexure – I) will merit consideration of the Hon'ble Authority.

Thanking you,
Respectfully submitted

Yours sincerely,
for Association of Competitive Telecom Operators



Tapan K. Patra

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Encl: As above

Annexure-I

ACTO's response on TRAI CP on Captive VSAT CUG Policy issues

Association of Competitive Telecom Operators (ACTO) would like to thank Hon'ble Authority for bringing this consultation paper on Captive VSAT and CUG related policy issues.

The next wave of telecom growth and digital revolution will ride essentially on data. Policies which have helped steered the growth of voice sector may not necessarily be apt and suitable for the growth of data services in which technological advancements have an important role to play. Therefore there is a legitimate need for policies to recognize the advent and potential of emerging technologies which will significantly help in proliferation of data services. The policy measures will not only open up the data sector, but will also help place India at the helm of technology advancement globally.

With the technological development, seamless interconnection be it Circuit-IP, IP-IP or CUG –PSTN etc are essential to provide innovative services to the customers by making it more affordable by the way of avoiding duplicity of infrastructure. Regulatory restriction should not be the reason for impeding the growth of the sector and deprive the technological benefit to the end users/customers.

One of the restrictions under the current CUG policy relates to interconnection with PSTN. This needs to be recommended for removal for a full convergence of network, serviced and devices as stated under the National Telecom Policy 2012. We request that Hon'ble Authority may kindly look into this aspect as part of this consultation and suitably recommend relaxing this restriction. The rationale for imposing such restriction may not exist today. The advent of technology is blurring the differences between different conduit, systems, technology and service formats. More importantly the telecom licensees who are permitted to provide CUG services should be allowed to seamlessly converge their services with any networks. The policy should be technology neutral and service agnostic.

Question wise response to the specific issues for the consultation:

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

ACTO's Response

ACTO supports the need for rationalization of license fees irrespective of number of HUBs used to provide service through VSAT. It should not be dependent on the numbers of HUBs used to provide

VSAT connectivity as it improves the quality of service to the end users while operators bearing the additional cost for installing extra HUB and at the same time pay increased license fees.

Question 2. 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?

ACTO's Response

As ACTO support for rationalization of license fees irrespective of number of HUBs used to provide service through VSAT, Bank guarantees and related matters are also to be modified accordingly. The Off-take of Satellite phones have been very low and the high cost has been one of the main reason for this along with entry barriers, thus, there is a need to look at reduce this cost in the entire value chain, so that the product become economical to the end user for both captive and commercial VSAT users.

Question 3. In your opinion what should be procedure and time frame for issuing various license(s)/approvals and augmentation of bandwidth for captive VSATs? Please give rationale to support your arguments.

ACTO's Response

ACTO is of the view that the procedure of grant of NOC to end user should be streamlines and clear timelines be laid down for grant of approvals.

Question 4. Is it appropriate to split the Captive VSAT categories for (1) Not-for-profit Government Organisations/departments (handling important missions) and (2) Commercial organizations and others? If yes, please suggest Entry Fee, Licence 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.

ACTO's Response

Since all telecom licenses are granted under section 4 of the Indian Telegraph Act 1885, therefore, there should be a parity across all licenses from the perspective of level playing field and same sets of licensee should not be placed in a worse-off situation vis-à-vis others on any criteria. Nature of entity should not distinguish the license terms and conditions.

Question 5. Any other change(s) required in the Captive VSAT CUG license terms and conditions? Please justify the suggested change(s).

ACTO's Response

We would like to highlight an important policy issue which needs also needs to be reviewed given the current license was dated 1996-1997. This relates to following restrictions which exists in the current license and has accordingly flown into all licenses which permit provision of CUG/VPN services:

"Inter-connection with PSTN (Public Switched Telephone Network) is not permitted."

In our view, PSTN interconnection is equally vital and important for continued growth trajectory for the sector and its stakeholders which are IT/ITES companies and /Enterprise customers. There is a need to review the above condition and accordingly relax the above restriction. The circumstances under which the above conditions was instituted does not hold good today. In last decade the sector has witnessed proliferation of emerging technology and service formats which has provided the customer much needed flexibility, convenience and affordable way to communicate. Therefore current restriction on convergence of CUG and PSTN needs to be removed in the larger interest of the sector which is all set to poise for growth in the data segment.

Convergence will enable a much advanced and open IP platform which will enhance the end-user experience and will efficiently address the growing business needs by leveraging on the best of both worlds (CUG & PSTN). Convergence of services will make more affordable to enterprise customers and thus further investment in BPO segment which will lead to further growth and demand for broadband. In order to realize the full potential of the convergence of services, network and devices pursuant to clause 3.3 of NTP-2012, the existing restrictions and barriers on linking different PSTN, IP, Virtual Private Network (VPN) and Closed User group (CUG) networks should be removed to ensure seamless interconnection. In particular, facilitating CUG/VPN-PSTN interconnection and the interconnection of IP and TDM networks is vitally important for the continued growth of the Business Process Outsourcing (BPO) and Enterprise Data Services sectors. Without such interconnection, these sectors must continue to undertake unnecessary investment in duplicating facilities separately on voice and data networks.

The continued restriction would impact the transition towards achieving the stated objectives of full convergence goals of networks / services / devices as enshrined in the National Telecom Policy 2012. Telecommunication networks around the world are moving towards all IP based next generation

networks (NGN). This migration is driven by higher economies of scale and scope, price reductions for IP network elements, opportunities for new services and an improved experience for the end users.

In view of the above, we request Hon'ble Authority to kindly consider recommending for removing the restriction of PSTN connectivity as an outcome of this important consultation process.
