

Consultation Paper No. 6/2018



Telecom Regulatory Authority of India



Consultation Paper

on

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

10th October 2018

**Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg,
New Delhi- 110002**

Written Comments on the Consultation Paper are invited from the stakeholders by 31st October 2018 and counter-comments by 8th November 2018. Comments and counter-comments will be posted on TRAI's website www.trai.gov.in. The comments and counter-comments may be sent, preferably in electronic form, to Shri Syed Tausif Abbas, Advisor (Networks, Spectrum and Licensing), TRAI on the email ID advmn@traigov.in.

For any clarification/ information, Shri Syed Tausif Abbas, Advisor (Networks, Spectrum and Licensing), TRAI, may be contacted at Telephone No. +91-11-23210481, Fax- 23232677.

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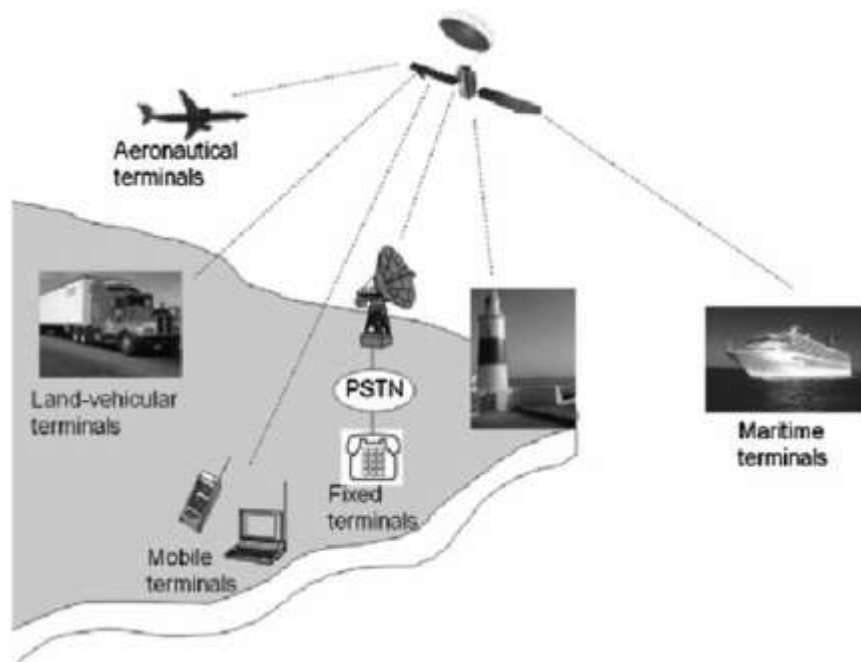
Chapter-I: Introduction

- 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 is also 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 proportional to number of terminals and frequency bandwidth used by them). M/s BSNL has been requesting 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.
- 1.2 In view of the above, this consultation paper has been prepared to discuss the issues involved. This chapter provides background information on Inmarsat services in India. Chapter-II discusses the issues involved and Chapter -III summarizes the issues for consultation.

Background

A. Satellite Communication

1.3 Telecommunications has been recognized the world-over as an important tool for socio-economic development for a nation. Telecommunication services are used not only for personal interactions but also in businesses and several public services like, emergency services, hospitals, electricity distribution etc. With increased digitization, the telecommunications services serve as the backbone of the almost every activity. Thus, it would not be incorrect to call telecommunications services as one of basic needs of the day. The places which cannot be connected through cables and Microwave links, Satellite communication comes into the picture. The picture shown below depicts some of the telecommunication services using satellite communications.



1.4 Satellites provide telecommunications and broadcasting services, covering large geographical areas. A satellite-based communication system provides an ideal solution for connecting remote and inaccessible

areas as no ground infrastructure in the concerned area is required. In addition, satellite communication is widely used for the transmission of emergency traffic, such as distress and safety messages, to and from vessels at sea or remote locations. The satellite communication is the lone measure to remain connected in the areas where telecommunication networks stop functioning due to natural disaster and at far flung areas having no telecommunication network. It may not be incorrect to say that the satellite communications facilitate to provide telecommunication services in difficult/emergency situations, and thus act as life savior.

B. About Inmarsat

- 1.5 The assembly of the Inter-Government Maritime Consultative Organization passed a resolution in November 1973 to convene an international conference to decide on the principle of setting up an International Maritime Satellite System. Pursuant to this decision, an International Conference on the establishment of an International Maritime Satellite System was convened in London on 23 April, 1975. In the third session of this Conference held in September, 1976, it was decided to form the International Maritime Organisation (IMO), under the aegis of UNO for the purpose of establishing a satellite communications network for the maritime community. The IMO established INMARSAT in 1979 which originally stands for International Maritime Satellite Organisation. The name was later changed to "International Mobile Satellite Organization" when it began to provide services to aircraft and portable users, but the acronym "INMARSAT" was retained.
- 1.6 India is a founding member of INMARSAT and M/s Overseas Communication Service (OCS) 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. In March, 1986, OCS was converted into VSNL (Videsh Sanchar Nigam Limited).

- 1.7 After privatization of VSNL in 2002, it was renamed as M/s Tata Communications Ltd. (TCL). TCL/VSNL was given the ILD license with a provision to provide Inmarsat services (except Land Mobile Service) on as-is-where-is basis. However, M/s TCL was also providing Land Mobile services using B, C, M, Mini-M & M-4 terminals of Inmarsat to certain organizations after obtaining NOC on a case-to-case basis from the DoT.
- 1.8 Inmarsat provides its satellite services with a constellation of four satellites which are located in the Geo-stationary earth orbit. These constellations of satellites provide global coverage. The Inmarsat constellation, namely, I-3 satellites were launched between April 1996 and February 1998. The Inmarsat-3s are expected to retire this year i.e. year 2018. Inmarsat 4F2 (I-4F2) satellite was launched in November 2005 and it is likely to remain in operation till 2023. BSNL is providing satellite based services using Inmarsat 4F2 (I4F2) satellite. Inmarsat has I6 program in place for continuity of services, which is expected to start through launching of I6 Satellites from 2020 onwards.
- 1.9 As per the 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. GMDSS is an internationally agreed set of safety procedures and communication protocols used to increase safety and make it easier to rescue distressed ships. The GMDSS provides that every ship, while at sea, shall be able to perform the following nine basic communication functions¹:

- (i) transmitting ship-to-shore distress alerts (by at least two separate and independent methods);
- (ii) receiving shore-to-ship distress alerts;
- (iii) transmitting and receiving ship-to-ship distress alerts;
- (iv) transmitting and receiving search and rescue coordinating communications;
- (v) transmitting and receiving on-scene communications;
- (vi) transmitting and receiving signals for locating;
- (vii) transmitting and receiving maritime safety information;
- (viii) transmitting and receiving general communications; and
- (ix) transmitting and receiving bridge-to-bridge communications

C. Introduction of GMPCS License

1.10 While the Inmarsat services cater to maritime communication, the Government introduced Global Mobile Personal Communication by Satellite (GMPCS) service (satellite Telephone Service) in the country on non-exclusive basis in the year 2001, subject to the clearance of the specific proposal from security angle by an Inter-Ministerial Committee consisting of Secretaries from Ministry of Home Affairs, Ministry of Defence, Department of Space, Department of Telecommunications, Cabinet Secretariat (R) and Director, IB. Under this license, satellite based communication services were permitted. The satellite could be Low Earth Orbit (LEO), Medium Earth Orbit (MEO) or Geostationary Orbit (GSO). However, establishment of GMPCS Gateway in India by the licensee was a mandatory license condition.

1.11 After the issue of guidelines for GMPCS License in the year 2001, the 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 was 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.

D. Genesis of License for provision of satellite based phone services under 'Sui-Generis' category

- 1.12 In view of the aging of I-3 satellites, the Inmarsat announced the retirement of some of its services from these old satellites starting from September 2014. Inmarsat had launched the next generation satellite services viz. Inmarsat Satellite phone 'IsatPhone pro' and Broadband Global Area network (BGAN) through their new constellation (I-4). Therefore, some of the then active land mobile terminals working in TCL were to retire in Sep-14 and the gateway at Arvi, Pune of TCL did not support next generation satellite services.
- 1.13 In view of the above, it was decided by the Government that the urgent requirement of Central Para-Military Forces/State Police forces for use of satellite telephone service can be met through direct procurement of satellite terminals by these agencies themselves. However, for grant of frequency assignment and import license by WPC Wing of the DoT, the requests were forwarded through designated representative from Ministry of Home Affairs (MHA).
- 1.14 By procurement of satellite terminals as mentioned above, the telecom facility could be instantly provided without installing any infrastructure in disaster affected areas including remote, inaccessible and hilly terrains of the country where no other means of communication is available. However, such an arrangement was prone to following limitations & drawbacks:

- (i) Possibility of monitoring of calls outside the country as the Satellite Land Earth Station (Gateway) was located outside the country.
- (ii) Non-availability of legal interception & monitoring of calls by Law Enforcement Agencies (LEA) in the country.
- (iii) The arrangement was not as per the regulatory requirements of the country. The telecommunication service(s) in the country can be provided only by telecom operators granted a license under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act, 1933. However, the above mentioned satellite based telecommunication services were being provided by foreign operators not having any valid license in the country.
- (iv) Quality of Service (QoS) or any other control mechanism could not be ensured.
- (v) No license fee accrues to the exchequer as the services were directly being provided by a foreign satellite operator.

1.15 In view of the above drawbacks, the Defence forces did not procure these handsets. They continued to use the old terminals. However, as declared by Inmarsat, some of these old terminals were about to cease to be supported by their satellites from September 2014. Therefore, Defence Ministry had been urging the DoT/ BSNL to expedite the installation of a new Gateway in the country to meet their requirement before these phones stop functioning due to retirement of these services from Inmarsat's old satellites.

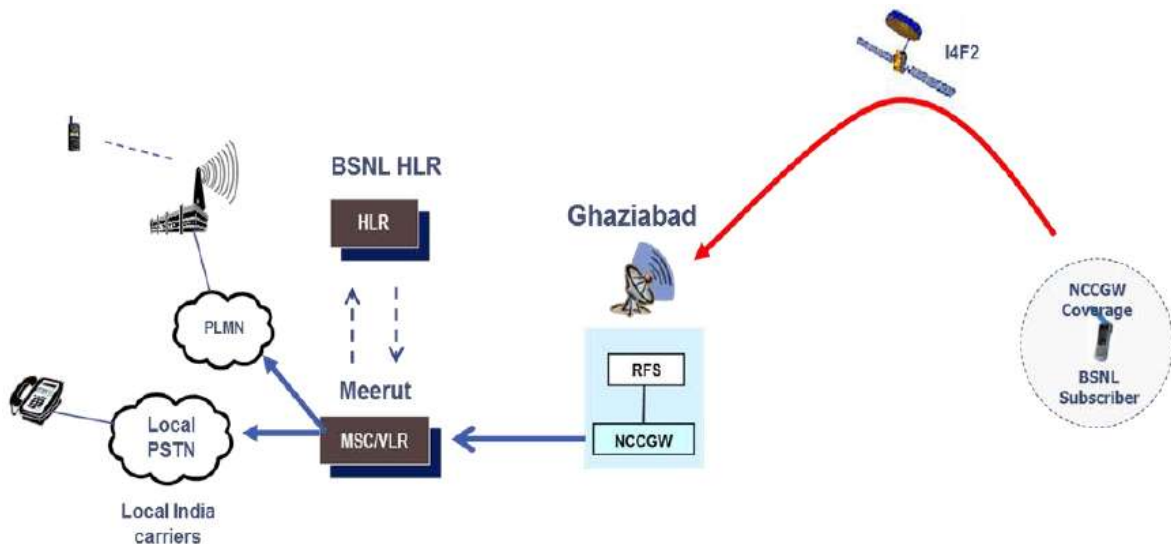
1.16 Since no other operator was able to establish a gateway in India, the DoT (after due deliberation) asked BSNL in December 2010, to examine the possibility of establishing a GMPCS Gateway with Inmarsat or any other Satellite Operator for provision of satellite telephone service in the country.

- 1.17 In response, BSNL vide its letter dated 10th July 2012 sought budgetary support of US\$ 8 million from the DoT to establish GMPCS Gateway. It also requested the DoT for waiver of entry fee of Rs. 1 Crore, processing fee of Rs. 5 lakhs and Performance Bank Guarantee (PBG) of Rs. 1 Crore for GMPCS License. BSNL also conveyed to the DoT that Inmarsat has agreed to work with BSNL as a primary service provider for these services. It signed a Memorandum of Understanding (MoU) with Inmarsat in October 2012 to establish and provide Inmarsat based services.
- 1.18 The DoT conveyed in-principle approval to establish GMPCS Gateway to provide satellite telephone service with financial support from USO Fund to BSNL vide letter dated 2nd November, 2012 and also asked BSNL to submit a detailed project report (DPR) and to apply for GMPCS license.
- 1.19 In June 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. In September 2013, BSNL informed DoT that Inmarsat would not be able to sign an agreement with BSNL based on the GMPCS policy and license conditions.
- 1.20 BSNL requested DoT that it should be permitted to provide all the services offered by Inmarsat with a Gateway earth station in India. It also indicated that it will expeditiously complete setting up Inmarsat Gateway and start the service once a capital grant to carry out the project on a turnkey basis is conveyed by the DoT.

E. Grant of License to BSNL for provisioning of Satellite based phone services under 'sui-generis' category

- 1.21 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'. Further, 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.
- 1.22 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.
- 1.23 Based on the 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.
- 1.24 BSNL established the gateway in Ghaziabad and launched the Global Satellite Phone (GSP) Service in May 2017. GSP Service is being provided

by BSNL to end customers. The picture given below shows the local call routing.



Notes:

- BSNL Satellite Phone user sends the location update to Ghaziabad NCC/NGW and further forwarded to Meerut MSC to check with the BSNL HLR to validate the user profile and copy the same to Meerut MSC/VLR.
- Call from BSNL Satellite Phone user is received at Ghaziabad NCC/NGW and forwarded to Meerut MSC to terminate the call to local PSTN/PLMN.
- CDR for this Call is generated at BSNL MSC at Meerut and processed at BSNL Billing center at Chandigarh.

E. Cause of reference from DoT

1.25 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.

1.26 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.

- 1.27 In view of the above, DoT has 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.

Chapter-II: Issues in Satellite Based Services by BSNL

2.1 BSNL is providing Satellite based services of Inmarsat under the service license for 'Provision and Operation of Satellite Based Services using Gateway Installed in India' under 'sui-generis' category. 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 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."

2.2 BSNL was granted permission for commencement of voice and non-voice messaging services as per the clause 7 of the license agreement on 23rd May 2017.

2.3 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 31st August 2018 are given below:

Table 2.1: Details of Subscribers of GSP Service of BSNL

As on 31st August 2018

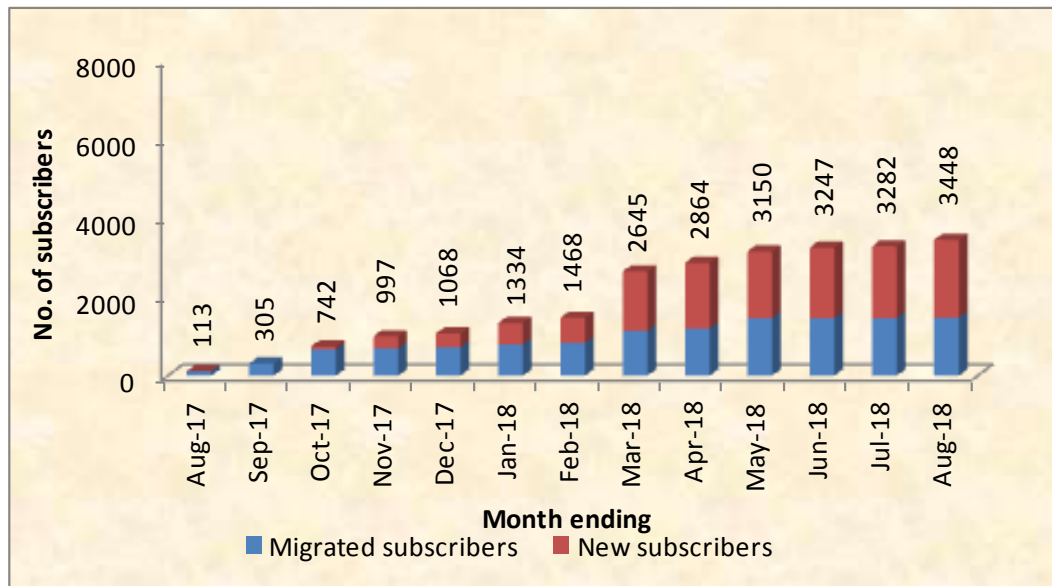
Category	Migrated Subscribers	New Subscribers added by BSNL	Total number of GSP service Subscribers
Government Agencies	1469	1776	3245
Public Sector Undertakings (PSUs)	6	98	104
Private Enterprises/Individual	-	99	99
Grand Total	1475	1973	3448

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

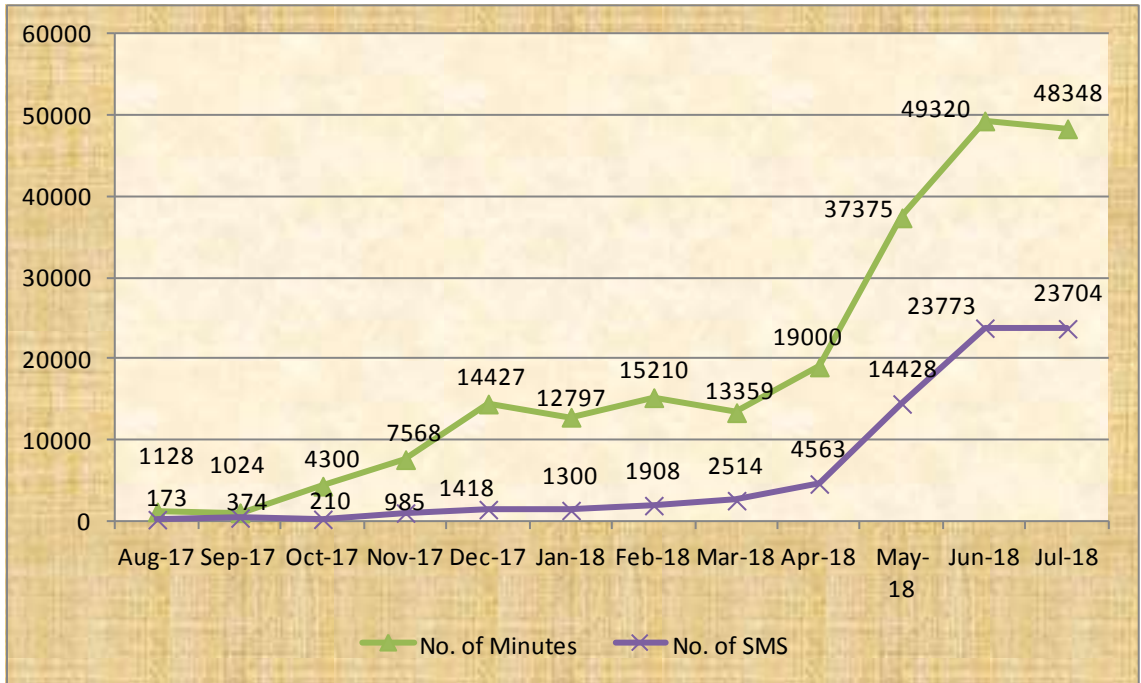
2.4 Since the launch of services by BSNL, there has been a continual addition in subscribers, although the incremental subscriber base is not very high. The chart given below shows the trend in the uptake of the services.

Chart 2.1: Growth in subscribers of GSP service of BSNL



2.5 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 15 minutes of voice calls and 7 SMS in a month. The chart given below shows the growth in minutes of usage and SMS.

Chart 2.2: Growth in Usage of GSP service of BSNL



2.6 In the quarter ending June 2018, revenue accrued to BSNL from GSP service (excluding the collection of spectrum charges) was about Rs. 23.8 million. Out of this, about Rs. 12.4 million was on account of sale of handsets, which is the non-recurring revenue and about Rs. 11.4 million was from provision of services, which includes rental, usage charges etc.

A. Levy of License Fee and Spectrum Charges

2.7 As per the License agreement, License Fee (LF) 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 2.2: 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.

- 2.8 From the above calculation, annual charge per terminal of Rs. 14,250/- is payable. In addition, annual spectrum charges for the Gateway are charged separately using the same methodology as detailed in para 2.7 above, amounting to Rs. 37,81,000/- per annum.
- 2.9 As submitted by BSNL, the above-mentioned annual spectrum charges 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.

- 2.10 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 ISAT phone terminals for one year and the same charges are to be paid annually in subsequent years also.
- 2.11 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.
- 2.12 From the details of subscribers given in the Table 2.1 above, it can be seen that out of 8,000 satphone terminals imported by BSNL, as of 31st August 2018, only 1,973 terminals were actually being used by the subscribers.
- 2.13 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.
- 2.14 BSNL has also submitted that due to heavy spectrum charges, the service is not affordable. Thus, public is not getting benefitted with the service.
- 2.15 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.

- 2.16 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.
- 2.17 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 have a contrast 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).
- 2.18 It may also be 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).

2.19 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 either buys the handset 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 either payable by the service provider or by the subscriber.

2.20 In view of the above discussion, the stakeholders are requested to provide their response to:

Q1. Do you agree that the formula based spectrum charges should 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? If yes, what percentage of AGR should be the spectrum usage charges?

Q2. In case your response to Q1 is negative, what should be the spectrum charges and how should it be calculated?

B. Sale of Satphone handset

2.21 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.

2.22 After launch of services by BSNL, DoT through its letter dated 30th May 2017 asked BSNL to migrate all the customers having Isat phone2 and

Isat Pro terminals, who were availing satellite services directly from Inmarsat. As mentioned in the table 2.1, 1475 subscribers have migrated to BSNL.

2.23 As per the license agreement, the LF 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.

2.24 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.

2.25 As already mentioned, it is the responsibility given to BSNL to import the handsets on behalf of the customers. Therefore, BSNL has no choice but to import the license and then sell them to the customers. Therefore, the question arises that whether the cost of handsets should be allowed as deduction while computing AGR.

Q3. In your opinion, while determining the AGR for the purpose of levy of license fee and SUC, whether 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?

Q4. If there are any other issues/suggestions relevant to the subject, stakeholders may submit the same with proper explanation and justification.

Chapter-III: Issues for Consultation

- Q1. Do you agree that the formula based spectrum charges should 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? If yes, what percentage of AGR should be the spectrum usage charges?**
- Q2. In case your response to Q1 is negative, what should be the spectrum charges and how should it be calculated?**
- Q3. In your opinion, while determining the AGR for the purpose of levy of license fee and SUC, whether 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?**
- Q4. If there are any other issues/suggestions relevant to the subject, stakeholders may submit the same with proper explanation and justification.**

Annexure

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.

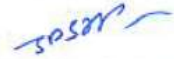
3. After establishment of the Inmarsat Gateway and commencement of voice services by M/s BSNL, M/s BSNL has been declared as a single window agency to deal with WPC Wing and obtain NOC from MHA for use of Isat phones on behalf of existing as well as new users/customers. Accordingly, M/s BSNL has been 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) Inmarsat 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@

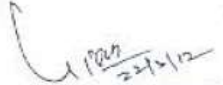
[@ for every 500 kHz or part thereof]

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.

Wagon

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.

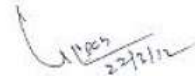
License Period	License Fee payable	Royalty payable from the date of DL/ AIP/ WOL, as the case may be	Method of payment
One month or less	At specified flat rate.	Annual royalty divided by 12.	Full license fee & royalty to be paid in advance at the time of issue of DL/AIP/ license.
More than one month 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.

L/10/24/23

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-II

भारत संचार भवन, हरीश चन्द्र माधुर 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

12/4/18
12/4/18

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:

IA

3/6/21
11 APR 2018

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-ca-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,

OK
DN-1480
10-04-18

(Sunderrajan)
A/A (C)
16/4/18
12/4/18
16/04/18
Engg (S)
16/04/18
Yours Sincerely,
(Anupam Shrivastava)

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

पंजीकृत एवं निर्मित कार्यालय : भारत संचार भवन, हरीश चन्द्र माधुर 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
(भारत सरकार का उद्यम)
BHARAT SANCHAR NIGAM LTD.
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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 on 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,

(Anupam Shrivastava)

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

पंजीकृत एवं निर्गमित कार्यालय : भारत संचार भवन, हरिश् 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

248384/2017/O/LWA

S.No. 10(R)

भारत संचार निगम लिमिटेड,
एन सी ई डी बिल्डिंग-110001, भारत
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भारत संचार निगम लिमिटेड
(भारत सरकार का उद्यम)
BHARAT SANCHAR NIGAM LTD.
(A Government of India Enterprise)

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

No. 100-59/2016 -TPL(R) / Part VIII/ 83
Dated 11.05.2017

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 14.05.2017. 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 12.05.2017 (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 (3GPP) 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 (PLN) dated 30.05.2017 (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-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

Handwritten notes:
S. Aruna (S)
First request to
AWA (S)
21/6/17
20-5-2017

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पंजीकृत एवं निगमित कार्यालय : भारत संचार निगम, इंदिरा पार्क माधुरी लॉन, इन्डिया, नई दिल्ली-110001
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