

To

Shri Syed Tausif Abbas,
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New Delhi
(e-mail : advmn@traigov.in).

Sub: Comments on Consultation Paper on Enabling Unbundling of Different Layers Through Differential Licensing (Dated 20th August 2020)

Dear Sir,

At the outset we are thankful to TRAI for bringing out a consultation paper by on above subject. We – The PHDCOMM Pvt. Ltd. are a system integrator for providing services mainly to Marine segment. We have recently obtained authorization from DoT for providing IFMC services. We are also keen to obtain VNO license from DOT for providing VSAT Services. Our comments on the consultation paper are related to the Commercial VSAT license only and same are given below:-

Q1. Do you agree that in order to attract investment and strengthen the service delivery segment, Network services layer and Service delivery layer needs to be separated by introducing specific license for Network Layer alone? Please justify your answer.

Ans: Yes please. The Network services layer and Service delivery layer needs to be separated by introducing specific license for each category.

Justification: Now a days High Throughput Satellites (HTS) are available , which are being used for the VSAT services, as satellite bandwidth is cheaper in case of HTS as compared to conventual satellites. The RF equipment is common, which is provided by one agency and the same is shared by all service operators and the service operators are required to put only baseband equipment. Therefore, separation of network layer and service layer is absolutely necessary.

Q2. Should the Network Services Layer licensee be permitted to take the Service Delivery Category licenses and provide the service? If yes, what kind of restrictions and safeguards are required to be built, in order to protect the competition and innovation in service delivery segment? Please justify your answer.

Ans: It may be kept open for any one, including network service layer licensee to obtain service delivery license. The following restrictions / safeguard may be built to protect the competition:

- a) At least 50 % of the network capacity is to be reserved for leasing to other service delivery licensees.
- b) The network capacity to be upgraded from time to time by the Network Service Layer Licensee.
- c) The network capacity to be leased to service delivery licensees on non-discriminatory basis.
- d) The leasing charges should be reasonable and to be intimated to TRAI .

Q3. Whether certain obligations should be imposed on the existing Unified Licensees, and other measures should be taken to encourage UL licensees to provide their network resources to VNO licensees particularly in mobile service segment? Please suggest the measures in detail.

Ans: Yes, Government must make it mandatory for UL licensees to provide their network resources to VNO licensees without any discrimination, in case the UL license is having exclusive right on Gateway for HTS.

This is applicable for UL licensee having Commercial VSAT CUG license. Satellite communication is mainly required for remote and rural areas, where other types of communication are not feasible. Setting up of VSAT Gateway needs huge upfront expenditure and long time. The satellite coverage and bandwidth availability are also dependent on satellite. In case of HTS satellite, the RF equipment at gateway is common for all. Therefore, sharing of resources is absolutely necessary in case of VSAT services.

Q4. In case network layer and service delivery layer are separated by creating separate category of licenses, as proposed in Q1;

- a) **What should be the scope for Network layer license and Service**

Category licenses? Out of various responsibilities and obligations enumerated in Unified License, what should be the respective responsibilities and obligations of Network layer licensees and Service delivery category licensees? Please elaborate with justifications.

Ans:

I) Responsibility of Network Layer Licensee:

- (i) The required space segment shall be obtained by the Licensee from Department of Space (DOS) on INSAT satellite or any other Satellite on terms and conditions as specified by Department of Space (DOS) from time to time.
- (ii) Payment of space segment charges
- (iii) Obtaining clearances/license from the NOCC and WPC Wing of DoT
- (iv) Payment of segment monitoring charges to NOCC
- (v) Payment of SUC charges to WPC
- (vi) Setting up of Gateway equipment (i.e. RF equipment) with in one year of the obtaining license.
- (vii) Leasing of network capacity to Service delivery Licensee

II) Responsibility of Service delivery Licensee:

- (i) Setting up of baseband equipment and Network Management System (NMS)
- (ii) Providing services to customers including VSAT installation.
- (iii) Payment of charges for Satellite capacity etc. to Network layer Licensee
- (iv) Interconnection with other VSAT networks.
- (v) WAN / Terrestrial data lines interconnection
- (vi) Setting up / leasing of Backhaul connectivity
- (vii) Setting up of requisite monitoring facilities/ equipment for each type of system used
- (viii) Roll out of service with in 18 months of obtaining license

- b) **What mechanism should be put in place to regulate the access to network services of Network layer licensees by the service delivery Category licensees? Whether certain obligations should be imposed on Network layer licensees to provide the network resources in a time-bound, transparent**

and non-discriminatory manner?

Ans: As mentioned in Q3

- c) **What incentives (for example, lower license fee, lower SUC, etc.) could be provided to Network Layer licensees in the new unbundled licensing regime to encourage the investment in the Network layer? Please justify your answer.**

Ans:

- (i) The entry fee and value of PBG & FBG may be reduced by 75 % of the existing limits. The present limits for Commercial VSAT License are – Entry Fee: 30 Lakh, PBG: 50 Lakh & FBG: 30 Lakh
 - (ii) The license fee may be reduced by not levying the USO levy as VSAT services are mostly used in rural area.
 - (iii) SUC may be fixed at 1% of AGR, irrespective of data rate, as recommended by TRAI in its recommendation dated 07.03.2017.
 - (iv) The satellite bandwidth charges paid to satellite providers (i.e. ISRO) for satellite capacity may be considered as pass-through nature for calculating the AGR.
- d) **Whether the existing Unified Licensees should be mandated to migrate to the unbundled licensing regime, or the new regime should be introduced, while keeping the existing regime continued for existing licensees till the validity of their license, with an option of migration?**

Ans: The new regime may be introduced, while keeping the existing regime continued for existing licensees till the validity of their license, with an option of migration?

- e) **Whether existing VNO licensees be mandated to migrate to service delivery category licenses as per unbundled licensing regime?**

Ans: Yes, the existing VNOs may be mandated to migrate to service delivery category license as per unbundled regime.

- f) **Whether service delivery category licensees be permitted to parent with**

multiple Network Service layer licensees? Please justify your answer.

Ans: Yes, the service delivery category licensees be permitted to parent with multiple Network Service layer licensees.

This is necessary, as the VSAT services are available in different frequency bands. Every Network Service layer licensees, may not be in a position to set up VSAT Network in all the bands, due to high infrastructure cost and transponder charges.

Q5. Any other issue related to the subject may be raised with suitable explanation and justification.

The following are the other issues to considered:

a) The VSAT services may be permitted in offshore area / platforms

Justifications: In offshore area may activities are taken by various companies. They operate at a fixed location at a given time. They need telecommunication services. VSAT services may be permitted in offshore locations, as provision of services under IFMC will be costly.

b) The entry fee, PBG and FBG may be reduced significantly (by about 75 %) and can be linked up with revenue earned by the licensee.

c) The requirement of taking separate license by Service delivery licensee or VNO for ISP may be done away with. The VSAT VNO / Service delivery licensee may be permitted to provided internet services against VSAT license.



Prerak Mehta

For (Prerak Mehta)

Founder-Managing Director