

**Consultation Paper No. 23/2016**



**Telecom Regulatory Authority of India**



सत्यमेव जयते

**Consultation Paper on  
Captive VSAT CUG Policy issues**

**28<sup>th</sup> October, 2016**

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

**Written Comments on the Consultation Paper are invited from the stakeholders by 25<sup>th</sup> November, 2016 and counter-comments by 9<sup>th</sup> December, 2016. Comments and counter-comments will be posted on TRAI's website [www.trai.gov.in](http://www.trai.gov.in). The comments and counter-comments may be sent, preferably in electronic form, to Shri Sanjeev Banzal, Advisor (Networks, Spectrum and Licensing), TRAI on the email ID [advmn@traigov.in](mailto:advmn@traigov.in) with a copy to [traimn@gmail.com](mailto:traimn@gmail.com) with subject titled as "Comments / counter-comments to Consultation Paper on Captive VSAT CUG Policy issues".**

**For any clarification/ information, Shri Sanjeev Banzal, 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 Satellites provide telecommunication and broadcasting services, covering large geographical areas. A satellite-based communication system provides an ideal solution for connecting remote and inaccessible areas as except satellite receiving infrastructure (antenna and associated electronics), no ground infrastructure in the concerned area is required. Very Small Aperture Terminal (VSAT), which is one of the satellite communication technologies, is very useful for remote and inaccessible locations (rural areas, ships, coastal regions, hills, etc) where there is limited or no terrestrial connectivity.
- 1.2 The capability of VSAT technology to deliver host of services over a very large area in a multicast mode, provides it with a unique advantage over other existing technologies. The multicast capability of VSAT technology can be used to provide applications such as Tele-Medicine, Tele-education, internet access, Virtual Private Network (VPN) etc. in the most remote areas of our country. Thus, in a useful tech. for bridging the digital divide. The main advantages of VSAT technology is its rapid deployment with minimum training, scalability, lower operational costs and reliability of communication, even in adverse situations. The cost per connection using VSAT is independent of the location of terminal from the hub.
- 1.3 VSAT network comprises of a central VSAT hub and a number of smaller nodes located at various remote locations. VSAT hub is huge earth station that controls and monitors all the activities of the remote VSAT terminals. Additional application services such as internet, voice, fax, data, video and value added services can be integrated with the VSAT network at the central hub.
- 1.4 The New Telecom Policy 1999(NTP'99) envisaged grant of license on non-exclusive basis to VSAT service providers for a period of 20 years,

extendable by 10 years one time, by the Department of Telecommunications (DoT). Accordingly, licenses were issued to applicants to establish, install, operate and maintain VSAT Closed Users Group (CUG) Domestic Data Network service via INSAT Satellite System on non-exclusive basis within territorial boundary of India.

- 1.5 There are two types of CUG VSAT licenses - Commercial CUG VSAT license and Captive CUG VSAT license. With the introduction of Unified License (UL) in 2013, commercial VSAT CUG license is given as an authorization under UL. A commercial VSAT service provider can offer the service on commercial basis to its subscribers by setting up a number of CUGs. However, in case of a captive license, the captive VSAT licensee can setup one CUG for its captive use.
- 1.6 As on 30<sup>th</sup> April, 2015 there are 9 commercial VSAT licensees and 28 Captive VSAT licensees. Almost all (except one) captive licensees are Government departments and Government agencies (PSU etc). While the license fee for the commercial VSAT licensee is based on revenue share, i.e., percentage of Adjusted Gross Revenue (AGR), the license fee for the captive VSAT licensee is Rs 10,000 per VSAT terminal per year, connected to the first hub, irrespective of number of terminals. Thus the license fee is charged at a flat rate for connectivity to the first hub. However, in case the licensee desires to put second hub for geographical redundancy, load diversity, operational diversity etc. and if the 2<sup>nd</sup> hub station remains commissioned (whether idle or in operation as back up), a minimum licence fee of Rs. 16 Lakh per annum shall be payable in addition to the licence fee payable for the 1<sup>st</sup> hub. If both the main hub and 2<sup>nd</sup> hub are put into simultaneous operation, both hubs are treated as two independent VSAT networks for the purpose of licence fee calculations. The licence fee for the second hub at the rate of Rs.16,000/- per VSAT terminal per annum and a minimum licence fee of Rs.16 Lakh per annum would be applicable. The minimum amount of licence fee of Rs. 16 Lakh per annum would cover upto 100 number of

VSATs in a network, connected to 2<sup>nd</sup> hub and if the number of VSATs exceeds 100, an additional amount of Rs.16,000/- per annum per VSAT terminal is chargeable.

- 1.7 Due to this uneven charging mechanism, licensees are hesitant to install a second hub even if there is a requirement of redundancy of hub for reliable communication in their network.
- 1.8 In this background, DoT, under section 11(1)(a) of the TRAI Act (as amended), has sent a reference to TRAI through its letter No. 824-200/CAP-VSAT/POLICY/2013-DS dated 17<sup>th</sup> March,2016 (Appendix-I) and has informed that at present license fee for 2<sup>nd</sup> Hub in Captive CUG VSAT network is levied as per order No. 204-96-PHC dated 29<sup>th</sup> August,1997 (Annexure-2 of the Appendix-I), which states that:
  - (i) If the 2<sup>nd</sup> hub station remains commissioned (whether idle or in operation as back up), a minimum licence fee of Rs. 16 Lakh per annum shall be payable in addition to the licence fee payable for the 1<sup>st</sup> hub.
  - (ii) If both the main hub and 2<sup>nd</sup> hub are permitted to be put into simultaneous operation, both original and 2<sup>nd</sup> hub will be treated as two independent VSAT networks for the purpose of licence fee and the licence fee as prescribed in DoT order no.204/96-PHC dated 16<sup>th</sup>August,1996 (Annexure-3 of the Appendix-I) would apply, i.e. Rs. 16,000 per VSAT terminal p.a. and minimum licence fee of Rs. 16 Lakh for each VSAT network per annum.
- 1.9 DoT has requested TRAI to furnish its recommendations on applicability of DoT order dated 29.08.1997 on license fee for 2<sup>nd</sup> Hub in Captive VSAT CUG network and also on the terms and conditions of Captive VSAT CUG License.
- 1.10 After receiving the reference, the Authority consulted some of the Captive VSAT licensees who raised some additional issues related to applicability of Royalty charges and delay in approvals in augmentation of bandwidth

for Captive-VSAT. The Authority has decided to include these issues also in the consultation, so as to provide comprehensive recommendations on issues concerning captive VSAT licensees. Chapter-II discusses these issues and relevant issues for consultation of the stakeholders have been raised in the chapter.

## **Chapter -II: Issues in existing Captive VSAT Licenses**

- 2.1 'Captive VSAT License' means the license for those networks in which the equipment and facilities are owned and operated by the licensee itself for its own use under one Closed User Group (CUG). The Captive VSAT CUG is deployed by corporate and Government bodies to cater to their own requirement and applications. For deployment of Captive VSAT, the intending organization has to apply to the Wireless Planning and Coordination (WPC) Wing of DoT according to the laid down procedure. Third party ownership and provision of services by third party are not permitted under this category of license.
- 2.2 According to captive VSAT license conditions of DoT, CUG is permissible for following categories of business associationship:-
- i) Producer of goods and his trader/agent;
  - ii) Provider of service and his trader/agent;
  - iii) Producer of same category of goods (e.g. manufactures of petroleum products); and
  - iv) Provider of the same category of service (e.g. bank).

Provided that ultimate consumer of a service or a product shall not be a part of the CUG; and provided further that the CUG is meant for legitimate business communication purposes of the group.

A CUG can also be formed among a holding company and its subsidiaries or among interconnected undertakings; these terms -being defined as per MRTP Act, 1969 provided that such CUG shall be only for the purposes of legitimate business communications of the group.

- 2.3 VSAT terminals can be connected in Star, mesh or hybrid fashion. As per the present license conditions a maximum data rate upto 512 kbps per VSAT for star configuration and 2Mbps for Mesh configuration is permitted subject to the compliance of the technical parameters.
- 2.4 Other salient features of captive VSAT licence are:



- a. The license is granted on a non-exclusive basis for a period of 20 years, extendable by 10 years. The service area for the license is the territorial boundaries of India.
- b. A one-time non- refundable/non-adjustable entry fee is Rs.30 lakh.
- c. The license fee for captive VSAT service - @ Rs. 10,000/- per annum per VSAT multiplied by total number of VSATs installed. Total No. of VSATs shall include all types of VSATs (receive only/transmit only/ receive & transmit both etc.).
- d. No roll out obligations for captive VSAT licensees.
- e. Inter-connection with PSTN (Public Switched Telephone Network) is not permitted. Inter-connection is permitted between terrestrial data lines of a public nature such as Internet/INET and other media to provide redundancy.
- f. WPC (Wireless Planning Commission) and space segment charges would be as applicable from time to time.

### **Background on determination of license fee for Captive VSAT**

2.5 Till year 2003, the license fee for captive VSAT network was Rs.16,000/- per annum per VSAT terminal, subject to a minimum of Rs.16 lakh per annum for upto 100 VSAT terminals. If both the main hub and 2<sup>nd</sup> hub are put into simultaneous operation, both hubs are treated as two independent VSAT networks for the purpose of license fee calculations. The license fee for the second hub shall also be at the rate of Rs. 16,000/- per VSAT terminal per annum and a minimum license fee of Rs. 16 Lakh per annum would be applicable. The minimum amount of license fee of Rs. 16 Lakh per annum would cover upto 100 number of VSATs in a network connected to 2<sup>nd</sup> hub and if the number of VSATs exceeds 100, an additional amount of Rs.16,000/- per annum per VSAT terminal is chargeable.

2.6 Earlier, DoT in November 2002 had sought recommendations of TRAI on two specific issues pertaining to VSAT license terms & conditions:

- (a) Restriction on data rate

(b) Reduction in license fee for captive VSAT network.

- 2.7 The Authority vide its recommendations dated the 10<sup>th</sup> December, 2002 recommended that the annual license fee per terminal for captive VSAT users be brought down from Rs 16,000/- to Rs. 8,000/-. Further, the Authority recommended increasing the maximum transmission data rate from 512 Kbps to 2 Mbps for remote terminals for Demand Assigned Multiple Access (DAMA)/ Permanently Assigned Multiple Access (PAMA) mode in VSAT mesh connectivity.
- 2.8 Pursuant to TRAI recommendations, DoT w.e.f. 1<sup>st</sup> January, 2004 reduced the License fee from Rs 16,000/- per annum per VSAT terminal with minimum Rs 16 lakh for upto 100 terminals to Rs. 10,000/- per annum per VSAT earth stations installed in case of the 1<sup>st</sup> hub. Total No. of VSATs shall include all types of VSATs (receive only / transmit only / receive & transmit both etc.).
- 2.9 However in case of the 2<sup>nd</sup> hub (whether idle or in operation as back up), a minimum license fee of Rs.16 Lakh per annum for upto 100 captive VSATs continued to be payable in addition to the license fee payable for the 1<sup>st</sup> hub. As a result there are different charges for the same number of Captive VSAT terminals irrespective of the fact that a licensee use one hub or two hubs. For example if there are two captive VSAT licensees 'A' and 'B' having 11 terminals each. In case of 'A' if all the 11 VSAT terminals are connected using one hub and in case of 'B', if 10 terminals are connected from 1<sup>st</sup> hub and one terminal is connected from 2<sup>nd</sup> hub, then the license fee payable by 'A' shall be Rs 110,000/- per annum (Rs 10,000\*11) while the license fee payable by 'B' shall be Rs 17,00,000/- [Rs 10,000\*10 (for 1<sup>st</sup> hub) + 16,00,000/- (for 2<sup>nd</sup> Hub)]. Due to such a huge difference in the license fee, a licensee is discouraged in installing a 2<sup>nd</sup> hub for the captive VSAT licensees, even though their operations demand so for maintaining a hot standby.
- 2.10 In addition to the License fee, licensees have to pay other charges viz

royalty charges for the use of Radio frequencies as prescribed by the WPC, space segment charges to Department of Space (DoS) as the required space segment is reserved / allocated on INSAT satellites by DoS on specified terms and conditions. Further, the licensees have to submit a Financial Bank Guarantee (FBG) valid for a period of one year. Initial Financial Bank Guarantee is for an amount of Rs. 30 lakh which has to be submitted before signing the License Agreement. Subsequently, the amount of FBG is equivalent to the estimated sum payable annually towards the license fee. The amount of FBG is subject-to periodic review by the licensor. However, Financial Bank Guarantee is not applicable in the case of central government departments.

### **Calculation of Royalty Charges**

2.11 The royalty charges for the use of Radio frequencies are calculated as per the DoT order vide P-11014/34/2009-PP(III) dated 22<sup>nd</sup> March 2012 (Appendix-II). Annual royalty charge is applied to the total licensed bandwidth of each frequency of any type of the satellite-based Radio-communication network (including ILD, NLD, Teleport, DSNG, DTH, VSAT, INMARSAT and Satellite Radio). To arrive at the amount of annual royalty per frequency, R, a Bandwidth Factor (Bs) is applied as per the table given below. Royalty 'R' is payable for an Uplink or a Downlink as per the following formula:

$$\text{Royalty, R (in Rs.)} = 35000 \times \text{Bs}$$

**Table D: Bandwidth Factor (Bs) for Satellite Communications**

<b>Bandwidth assigned to a Frequency (W KHz)</b>	<b>Bandwidth Factor (Bs) for an Uplink</b>		<b>Bandwidth Factor (Bs) for a Downlink</b>	
	<b>Broadcast</b>	<b>Others</b>	<b>Broadcast</b>	<b>Others</b>
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 500kHz	1.25@	1.00@	NIL	1.00@
For every 500 kHz or part	1.25@	1.00@	NIL	1.00@

[@for every 500KHz or part thereof]

2.12 The 'Explanatory Notes' of DoT order vide P-11014/34/2009-PP dated 22<sup>nd</sup> March 2012 on applicability of royalty charges provide that:

*For DSNGs, 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 cans are located within the same premises additional royalty @25% of the basic royalty will not be charged.*

2.13 Technically, VSAT network can be configured as either shared bandwidth (time division multiple access -TDMA) or dedicated bandwidth (single carrier per channel -SCPC). Dedicated bandwidth means that carriers are not shared among the users, therefore under SCPC configuration user has to pay for dedicated connection even if connection is not used. However, in TDMA, hub can establish the contention ratios, frequency hopping and dynamic load balancing. In TDMA, for example, a 2 Mbps (down)/512 Kbps (uplink) plan at 10:1 contention level would mean that peak/highest performance would be 2 Mbps down and 512 Kbps uplink, but in case user is sharing the same bandwidth with ten other sites, 10% of that bandwidth is assured to it during times of heavy usage. Therefore, in TDMA consequent to sharing of carrier's pool usage patterns can be expected to have varying performance. It is pertinent to mention that in TDMA many connections are multiplexed over single carrier which uses full bandwidth of transponder. It efficiently uses bandwidth of transponder, therefore, utilise transponder bandwidth to the capacity of number of carriers assigned. In order to enhance efficiency, such arrangements are employed by most of the commercial and Captive VSAT licensees.

2.14 The use of satellite news gathering (SNG) and digital satellite news gathering (DSNG) equipment is restricted to certain types of users, the users of these equipments have to apply to the Ministry of Information and Broadcasting (MIB) and obtain permission. These channels are permitted to use technology to gather live news or footage and for point to point transmission, entertainment channels uplinking from their own teleport are permitted to use SNG/DSNG for their approved channels, and for transfer of video feeds to the permitted teleport. Explanatory note of DoT order P-11014/34/2009-PP(III) dated 22<sup>nd</sup> March 2012 has mentioned that:

*“ ii. The DSNG, SNGs 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 services.”*

2.15 The ‘Explanatory note’ of DoT Order as mentioned above implies that DSNG, SNG are even not equated with broadcasting services as these are dedicated links. Some of the stakeholders during the initial discussions have raised the concern regarding calculation methodology adopted by WPC while calculating the royalty charges for VSAT networks. One of the stakeholders has brought out that royalty charges for VSAT remote terminals are being charged with additional royalty @25% of the basic royalty as applicable for DSNG OB - vans. An example, calculation of Royalty charges by DoT is illustrated in the Table below wherein two separate Hub are put in operation by an organization:

*In case of:*

**Hub A : (1Hub + X1 remote VSAT terminals)**

- a) The outbound carrier data rate from the Hub1 is 2Mbps.
- b) Total number of return carriers from VSATs are Y1 Nos.,
- c) Bandwidth assigned to Carrier frequency is 128Kbps (bandwidth used 132 KHz).

The VSATs transmission to satellite is MF-TDMA mode and all the VSATs share the same Y1 Nos. of carriers. All remotes terminals share single downlink carrier from Hub, therefore, using resource of satellite frequency of 2 Mbps only.

**Hub B: (1 Hub + X2 remote VSAT terminals)**

- a) The outbound carrier from Hub2 is 2Mbps.
- b) Total No. of return carriers (inbound) from VSATs are Y2.
- c) Bandwidth assigned to Carrier frequency is 128Kbps (bandwidth 132 KHz).

The VSATs transmission to satellite is MF-TDMA mode and all the VSATs share the same Y2 Nos. of carriers. All remotes terminals share single downlink carrier from Hub, therefore, using resource of satellite frequency of 2 Mbps only.

**Table: Calculation of Royalty charges (WPC vis-à-vis Stakeholder’s view)**

<b>Hub Station</b>	<b>Links</b>	<b>Royalty as calculated and charged by WPC(INR)</b>	<b>Royalty charge (INR) as per submission of stakeholder</b>
Hub A : (1Hub + X1 remote VSAT terminals)	Hub uplink	$35000 \times 4 \times 1 = 1,40,000$	$35000 \times 4 \times 1 = 1,40,000$
	Hub Down link	$35000 \times 0.5 \times Y1$ (Number of carriers)	$35000 \times 0.5 \times (Y1)$
	*Remote uplink	$35000 \times 0.5 \times Y1 + 35000 \times 0.5 \times 0.25(X1 - Y1)$	$35000 \times 0.5 \times (Y1)$
	*Remote Downlink	$35000 \times 0.5 \times Y1 + 35000 \times 0.5 \times 0.25(X1 - Y1)$	$35000 \times 4 \times 1 = 1,40,000$
Hub B : (1Hub + X2 remote VSAT terminals)	Hub uplink	$35000 \times 4 \times 1 = 1,40,000$	$35000 \times 4 \times 1 = 1,40,000$
	Hub Down link	$35000 \times 0.5 \times Y2$ (Number of carriers)	$35000 \times 0.5 \times Y2$
	*Remote uplink	$35000 \times 0.5 \times Y2 + 35000 \times 0.5 \times 0.25(X2 - Y2)$	$35000 \times 0.5 \times Y2$
	*Remote Downlink	$35000 \times 0.5 \times Y2 + 35000 \times 0.5 \times 0.25(X2 - Y2)$	$35000 \times 4 \times 1 = 1,40,000$

2.16 In view of the submissions of the stakeholders as mentioned above in the Table, if contentions of the stakeholder are ought to be true, there could be substantial difference between the Royalty charges payable as per DoT calculations and per claims of the stakeholders. The issue arises due to applying the charging for DSNG-OB vans on the Captive VSAT users also. However, it is pertinent to mention that there is no specific mention of such charging of Royalty by DoT in its order P-11014/34/2009-PP dated 22<sup>nd</sup> March 2012 other than DSNG/SNGs. Therefore the issue needs discussion to have clarity.

### **Procedural delays**

2.17 An applicant seeking captive VSAT license has to obtain a number of clearances from WPC wing of DoT like Letter of Intent (LoI), Decision Letter (D/L), Siting clearance by Standing Advisory Committee for Frequency Allocation (SACFA) and Wireless Operating License (WOL). The applicant also has to approach Network Operations Control Center (NOCC) under DoT for clearance before start of operations from any earth station accessing the satellite. The NOCC is responsible for controlling the transmissions from ground segment (satellite earth stations), monitoring and online operational control & co-ordination.

2.18 Some of the Captive CUG VSAT licensees have raised the issue of inordinate delay (approx one year to one-and-a half year) in obtaining an operating license. Since satellite bandwidth is allocated to the licensee by Antrix (ISRO's commercial arm), the Licensee is required to pay for satellite bandwidth charges to Antrix from the date of allocation of bandwidth. Further, the licensee is required to pay other fees payable to WPC from the date of LoI / Decision Letter without utilizing the bandwidth till that time. Any delay in obtaining clearances, costs significantly to the licensees without utilisation of the captive facility.

### **Augmentation of Bandwidth/ VSAT Terminals**

2.19 Another concern raised by the stakeholders is about delay in augmentation of bandwidth<sup>1</sup> for putting additional VSAT terminals. There may be instances of critical situations viz early warning systems, natural calamities and emergencies etc. where systems are required to be installed/augmented on high priority. Procedural delays in bandwidth allocation, augmentation can prove to be very costly in handling such critical situations. Similarly in case of profit making organizations where good connectivity is required for the business growth, delay in bandwidth augmentation may cause lost market opportunities for the organisations. Though, it is understood that certain procedures cannot be done away with, there is a need to identify certain procedures which can be minimized so as to reduce the effective time taken.

### **Need for Categorisation of Captive VSAT Licensees**

2.20 The commercial VSAT service providers offer VSAT services on commercial basis to the subscribers by setting up a number of CUGs, i.e., VSAT network of a commercial licensee is shared by many users at a time. In case of captive VSAT services only one CUG can be set up for the captive use of the licensee. Accordingly VSAT network is exclusively designed and used by the captive licensee.

2.21 A number of captive VSAT licensees are Government departments and Govt. agencies which are using their captive VSAT networks for public safety, disaster early warning systems, disaster management and relief operations etc. These organisations provide invaluable inputs to the public, administration and entire government machinery. For example Indian National Center for Ocean Information Services (INCOIS) under Ministry of Earth Sciences, GoI, focuses on providing ocean services pertaining to Potential Fishing Zone (PFZ), Tsunami Early Warning through its National Tsunami Early Warning centre, Ocean State

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<sup>1</sup> [http://www.wpc.gov.in/content/43\\_1\\_Checklist.aspx](http://www.wpc.gov.in/content/43_1_Checklist.aspx)



Forecast, etc. These services are augmented with dedicated ocean observing systems, satellite oceanography, coastal geospatial applications, ocean modeling, host of ocean data and web-based services, relevant to societal and public needs. Similarly, POLNET is a satellite based wide area network for the modernization of Police Telecommunication of the country. POLNET is a huge network consisting of about 1000 VSATs at each state capital, District Headquarters and selected locations of Central Paramilitary Forces. Procedural or administrative delay in getting approvals and licenses for these organization may cost dear to the society/nation.

2.22 On the other hand there are commercial organizations such as National Thermal Power Corporation, Oil and Natural Gas Corporation Ltd., Karnataka Power Transmission Corporation Limited, Bharat Petroleum Corporation limited, which use Captive VSAT networks for expanding business operations. Though these organizations are also working in the nation building, however they need to be kept in a separate category, as the core functions of such commercial entities are different and requirement of connectivity is basically driven by the business needs. In view of the above, the issue arises whether it would be appropriate to categorise the Captive VSAT into two sub-categories viz. (1) Not-for-profit Government Organisations / departments (Handling important missions) (2) Commercial organizations and others. Payment of Entry Fee, LF and Royalty charges etc. for these two categories of organizations may be considered to be different than those of commercial organizations.

2.23 The captive VSAT CUG licence is also attached along with the reference. The stakeholders may also give any suggestions/ comments on the license conditions, including those on technical and financial conditions in the license for modification.

2.24 The issues for consultation are:

- Q1. Should the license fee for the 2<sup>nd</sup> VSAT hub, which is used independently or for redundancy purposes be kept same as that of 1<sup>st</sup> VSAT hub? If no, what should be the per annum fee for the 2<sup>nd</sup> hub? Please justify your answer.**
- Q2. 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 (1<sup>st</sup> hub and 2<sup>nd</sup> hub)? If yes, what should be the appropriate fee / charges? Give details with justification?**
- Q3. 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.**
- Q4. 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.**
- Q5. Any other change(s) required in the Captive VSAT CUG license terms and conditions? Please justify the suggested change(s).**

Government of India  
Ministry of Communications & IT  
Department of Telecommunications  
Sanchar Bhawan, New-Delhi -110001.  
(DS-Cell)

No. 824-200/CAP-VSAT/POLICY/2013-DS

Dated:16.03.2016

To

The Secretary,  
Telecom Regulatory Authority of India,  
Mahanagar Doorsanchar Bhawan,  
Jawahar Lal Nehru Marg, (Old Minto Road),  
New Delhi- 110 002.

**Sub: TRAI recommendations on minimum license fee in respect of 2<sup>nd</sup> Hub in Captive VSAT CUG network and terms and conditions of Captive VSAT CUG License.**

This is with reference to the applicability of DoT order No. 204-96-PHC dated 29.08.1997 (copy enclosed as Annexure-I) on license fee for 2<sup>nd</sup> Hub in Captive CUG VSAT network and terms and conditions of Captive VSAT CUG License (copy enclosed as Annexure-II).

2. In this context it is informed that at present license fee for 2<sup>nd</sup> Hub in Captive CUG VSAT network is levied as per order No. 204-96-PHC dated 29.08.1997 which states that:

“ The matter of fixation of licence fee for operation of 2<sup>nd</sup> Hub Station as and when permitted for private VSAT network, has been under consideration of the Department and it has been decided that the following licence fee will be recoverable:

(iii) If the 2<sup>nd</sup> Hub Station remains commissioned (whether idle or in operation as backup), a minimum license fee of Rs.16 Lakhs per annum shall be payable, in addition to the licence fee payable for the 1st Hub.

(iv) If both the main Hub and 2nd Hub are permitted to be put into simultaneous operation, both the original and 2nd Hub will be treated as two independent VSAT Networks for the purpose of license fee and the license fee as prescribed in the DoT order No.204-1/96-PHC dated 16-8-96 would apply.”

3. DoT order no.204-1/96-PHC dated 16-08-1996(copy enclosed as Annexure-III), inter-alia, states that:

“2. ... it has been decided that the following rate of licence fee shall be leviable for operation and maintenance of privately owned VSAT based telecom network.

(c) Rs. 16, 000 per VSAT terminal p.a.

(d) Minimum licence fee of Rs. 16, 00, 000 for each VSAT network p.a.

Continued/----

3. *The minimum amount of licence fee of Rs.16, 00, 000 p.a. will cover upto 100 number of VSATs in a network and if the number of VSATs exceeds 100, additional amount of Rs. 16, 000/- p.a. per additional VSAT is to be charged."*

4. In above context it is conveyed that the licence fee for VSAT network being levied vide DoT order no.204-1/96-PHC dated 16-08-1996 was reviewed based on the TRAI recommendations dated 11-12-2002. The revised licence fee for VSAT network was prescribed as Rs.10, 000/- per VSAT per annum without levy of any minimum licence fee as per amendment dated 30-12-2003(copy enclosed as Annexure-IV) in suppression of DoT order no.204-1/96-PHC dated 16-08-1996. However, no decision was taken with regard to levy of licence fee for 2<sup>nd</sup> Hub in the VSAT network as prescribed vide DoT order no.204-1/96-PHC dated 29-08-1997 and this order is still effective.

5. At present, DoT is reviewing the applicability of DoT order No. 204-96-PHC dated 29.08.1997 on license fee for 2<sup>nd</sup> Hub in Captive CUG VSAT network in view of no minimum license fee prescribed in Captive CUG VSAT Licence for additional hub.

6. Therefore, TRAI is requested to furnish their recommendations in terms of clause 11(1)(a) of TRAI, Act, 1997 as amended by TRAI Amendment Act, 2000 on the applicability of DoT order No. 204-96-PHC dated 29.08.1997 on license fee for 2<sup>nd</sup> Hub in Captive CUG VSAT network and also on the terms and conditions of Captive VSAT CUG License.

7. TRAI is also requested to ensure that the financial and technical stipulations proposed in the recommendations are clearly enforceable and measurable. It is also requested that the rationale for arriving at the recommendations be made available along with recommendations.

*G.P. Srivastava*  
(G.P. Srivastava) P/B  
DDG (Data Services)  
Tel: 23714232  
Fax:23737887  
Email ID: ddgds-dot@nic.in

Enclosure: As above.

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
CS SECTION

521, SANCHAR BHAVAN, NEW DELHI-110 001.

1796-PHC  
1795-PHC

Dated: 29-8-97.

Annex-I

All CGM Telecom. Circles.  
CGM MTNL, New Delhi/Mumbai.  
CGM Telephones Calcutta/Madras.

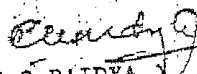
Subject: Licence fee for operation of 2nd Hub for Privately owned VSAT based Telecom. Network.

Reference is invited to this office letter of even no. dated 16-8-96 in which payable licence fee for privately owned VSAT Network was circulated.

The matter of fixation of licence fee for operation of 2nd Hub Station as and when permitted for private VSAT Network, has been under consideration of the Department and it has been decided that the following licence fee will be recovered-

- (i) If the 2nd Hub Station remains commissioned (whether idle or in operation as back up), a minimum licence fee of Rs. 16 Lakhs per annum shall be payable, in addition to the licence fee payable for the 1st Hub.
- (ii) If both the main Hub and 2nd Hub are permitted to be put into simultaneous operation, both the original and 2nd Hub will be treated as two independent VSAT Networks for the purpose of licence fee and the licence fee as prescribed in DOT order No. 204-1/96-PHC dated 16-8-96 would apply.

This is issued with the concurrence of Finance vide (Finance) diary No. 1995 dated 11-8-97.

  
( K.C. BAIDYA )  
Asstt. Director General (CS-II)

For Member (Finance), DOT.

Annex - II

-1-

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**GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATION  
DEPARTMENT OF TELECOMMUNICATIONS  
(TELECOM COMMISSION)**

**LICENSE AGREEMENT  
FOR  
CAPTIVE VSAT SERVICES  
CLOSED USER GROUP DOMESTIC DATA  
NETWORK USING INSAT SATELLITE SYSTEM**

License No. \_\_\_\_\_

**TOTAL PAGES.....**

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This AGREEMENT is made on the.....day of \_\_\_\_\_ by and between the President of India acting through \_\_\_\_\_, ADG(SAT-IV), Department of Telecommunications, Sanchar Bhavan, 20 Ashoka Road, New Delhi -110 001 (hereinafter called the LICENSOR which expression shall, unless repugnant to the context or subject thereto include its successors in office and assigns) of the FIRST PARTY.

AND

M/s ..... a company registered under the Companies Act 1956 and having its registered office at..... acting through Shri ..... the authorized signatory (hereinafter called the LICENSEE which expression shall, unless repugnant to the context to include its successors in business, administrators, liquidators, legal representatives and assigns) of the SECOND PARTY.

WHEREAS by virtue of the provision of Section 4 of the Indian Telegraph Act 1885, the LICENSOR enjoys privilege to grant License and the LICENSEE has requested to grant License to establish, maintain and operate Captive VSAT Closed Users Group Domestic Data Network via INSAT Satellite system (hereinafter called the SERVICE). Whereupon and in pursuance to the said request, the LICENSOR has agreed to grant this License to establish, maintain and operate Captive VSAT Closed Users Group Domestic Data Network via INSAT Satellite system (hereinafter called the SERVICE).

**NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:**

1. In consideration of the payment of License fee, and due performance of all terms and conditions mentioned in this License agreement on the part of the LICENSEE, the LICENSOR does, hereby grant under section 4 of the Indian Telegraph Act 1885 on a non-exclusive basis, this License to establish, maintain and operate Captive VSAT Closed Users Group Domestic Data Network via INSAT Satellite system (hereinafter called the SERVICE).
2. The LICENSE hereby granted will remain valid for 20 (Twenty) years from the Effective date unless revoked earlier for any reason as provided herein below. The License is extendable by ten years at a time, at the discretion of the Licensor on request of the licensee received latest by 19<sup>th</sup> YEAR from the effective date and in absence of such request for extension, the License shall automatically be terminated as per due date.
3. The LICENSEE hereby agrees and unequivocally undertakes to fully comply with all terms and conditions stipulated in this License Agreement and without any deviation or reservations of any kind.
4. Effective Date of this LICENSE shall be .....
5. The License shall be governed by the provision of Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997 as modified or replaced from time to time. The rules, regulations frame there under.

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorised representatives on the \_\_\_\_\_(day) \_\_\_\_\_(month), \_\_\_\_\_(year).

Signed by Shri \_\_\_\_\_ for and on behalf of President of India.

(Name)

By **ADG(SAT-IV)**, Department of Telecommunications.

Signed on behalf of M/s. \_\_\_\_\_ by Mr. \_\_\_\_\_

(Name and Designation), authorised signatory and holder of General Power of Attorney dated \_\_\_\_\_, executed in accordance with the Resolution No. \_\_\_\_\_, dated \_\_\_\_\_ passed by the Board of Directors.

( SEAL)

COMMON SEAL of M/s -----

is affixed by Shri-----

( Name and Designation )

in the presence of :

(1) -----( Name and Designation)

(2) ----- ( Name and Designation)

Copy to:

- (i) Wireless Advisor, WPC, Sanchar Bhawan, N.Delhi.
- (ii) DDG(LF), DOT, Sanchar Bhawan, N.Delhi.
- (iii) NOCC, Eastern Court, N.Delhi.
- (iv) Dy. Director IPO, ISRO HQ, Bangalore, Deptt. Of Space.
- (v) Secretary, TRAI, New Delhi.
- (vi) CCA, Delhi Region, Delhi.



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SECTION -I

SPECIFIC TERMS AND CONDITIONS:

1. Unless otherwise mentioned in the subject or context appearing hereinafter all the Sections/ Annexures of the License agreement and the application for VSAT License along with certificates/documents submitted along with the said application will form part and parcel of this agreement and construed as part of this Agreement.
2. In this Agreement words and expressions will have the same meaning as are respectively assigned to them in the Section IV.
3. The Licensor bears a right to revoke the License by giving 30 days notice in case of any breach of the terms and conditions of the License, notwithstanding anything contained contrary anywhere else in the License Agreement and the Licensor's decision in this matter will be final.
4. The bank guarantee is to be given by the Licensee in the prescribed proforma at Annexure -II .
5. The Licensee may transfer or assign the License Agreement with prior written approval of the Licensor to be granted on fulfillment of the following conditions:-
  - (i) When transfer or assignment is requested in accordance with the terms and conditions on fulfillment of procedures of Tripartite Agreement if already executed amongst the Licensor, Licensee and Lenders;  
OR  
Whenever amalgamation or restructuring i.e., merger or demerger is sanctioned and approved by the High Court or Tribunal as per the Law in force; in accordance with the provisions; more particularly of sections 391 to 394 of Companies Act, 1956;
  - AND
  - (ii) The transferee or assignee is fully eligible in accordance with eligibility criteria contained in tender condition or in any other document for grant of fresh license in that area and shows its willingness in writing to comply with the terms and conditions of the license agreement including past and future roll out obligations;  
AND
  - (iii) All the past due fully paid till the date of transfer/assignment by the transferor company and thereafter the transferee company undertakes to pay all future dues inclusive of any thing remained unpaid of the past period by the outgoing company.
6. It is further agreed and declared that notwithstanding anything contained elsewhere, that:-

( i ) The License is issued on non-exclusive basis

( ii ) The Licensor reserves the right to modify at any time the terms and conditions of the License, if in the opinion of the Licensor it is necessary or expedient to do so in the interest of the general public or for the proper conduct of telegraphs or on national security consideration.

(iii) The LICENSOR reserves the right to take over the entire services, equipment and networks of the LICENSEE, in part or in whole of the Service Area, or revoke/terminate/suspend the license in the interest of national security or in the event of a national emergency/war or low intensity conflict or any other eventuality in public interest as declared by the Government of India. The specific orders or directions from the Government issued under such conditions shall be applicable to the LICENSEE.

7. The HUB Station shall be operated and maintained by the Licensee subject to the following conditions:-

(i) The Licensee is required to provide the details of the equipment, address of the equipment location and site configuration details on monthly basis from the date of signing of the License agreement or as and when desired by the Licensor.

(ii) The network Licensee shall, on demand, provide a VSAT capable of monitoring the network to NOCC/authorized government agency free of cost, as and when desired.

(iii) Before energizing the VSAT network, necessary clearances from INSAT Network Operations Control Center (NOCC) on payment of prescribed charges will be taken by licensee. NOCC instructions with regard to space segment access and other relevant operational matter will have to be obeyed by the licensee.

(iv) The licensee will provide a suitable hot line between network Management Center and NOCC.

(v) The operation of the hub stations will have to be directly under the control of Licensee.

8. Licensee will be responsible for abiding by all rules, regulations and relevant laws.

9. The financial bank guarantee will be encashed and forfeited for violation of terms and conditions of License , including commercial use of the network.

10. The Licensor reserves its right to amend or alter the conditions of this license, suo moto, at any time.

11. Necessary clearances for frequency and siting clearance of earth stations (hub and VSATs) should be taken from WPC before commencing the operation.

12. The services provided on this 'Network' will be for bonafide use of only authorized users of this Network and will at no time and in no way be commercially exploited or used for providing such services to any other users not specially authorized by the Licensor sanctioning the 'Network'.

13. The 'Licensee' of this Network will ensure that operation of systems/equipments on this network does not cause any harm/loss to Telecom Service Provider. The Licensee will also ensure that all works on this Network are carried out as per Rules and Regulations and prescribed parameters of Deptt. of Telecom.

14. The License issued for this Network is only for the specific system/ equipments/ circuits and services and users mentioned in Annexure-III. Any modification or addition of system/equipments/circuits and services to the network should be done only after taking permission of the Licensor. The Licensor reserves the right to revoke such License any time.

15. The licensee will ensure that no communication/message which is prejudicial to the interest of the Nation or to the security of India is passed over any part of this Network.

16. Notwithstanding anything contained in the terms and conditions applicable for operation of the network, the Licensee will not carry such messages on any part of this network which are prohibited by law and the Licensee will be solely responsible for taking necessary permission from the authorized agencies of the Government for transmission of such messages

17. The Licensor reserves its right to monitor any messages transmitted and/or received on any part of this Network. Facilities for the same will be provided by the licensee at his own cost.

18. DOT will not be responsible for any loss/harm/damage etc. of any kind to the user/users of this Network on account of any interruption on BSNL/ Licensed Telecom Service Provider systems/network.

19. The installation of the Network, including any component thereof, can be inspected by officers specifically authorized by the Licensor, if he wishes to do so, to ensure that the prescribed conditions/standards have been adhered to.

20. Violation of any of the terms and conditions mentioned in this License agreement may lead to termination of License and consequent disconnection of circuits etc.

21. Network will be used only for internal communication requirements of Licensee. VSATs shall be placed and used inside the premises of the Licensee. Neither users other than Licensee shall be given access to the network, nor third party traffic shall be carried on the network.

22. Use of encryption is not normally permitted in the network. In case any encryption is proposed to be used in the network, the same should be used only after taking specific permission from the Licensor. Also, the licensee shall make available the encryption software/ algorithm to the Licensor before using any encryption.

23. The intent of this License is not to grant long distance carrier rights on the Licensee.

24. No inter connection with PSTN/ public/private/value added/any other network is foreseen in this License agreement except what is specifically permitted.

**SECTION-II**

**Scope of Service**

This License is for captive VSAT service.

1. The captive VSAT Closed User Group Domestic Data Network via INSAT Satellite System shall be restricted to geographical boundaries of India.
2. Network will be used only for internal communication & non-commercial purposes of Licensee.
3. Neither users other than Licensee shall be given access to the network, nor third party traffic shall be carried on the network.
4. The intent of this License is not to grant long distance carrier rights.
5. The scope of the service is to provide data connectivity between various sites scattered throughout India using Very Small Aperture Terminals (VSATs). However, these sites should form part of a Closed User Group (CUG) as defined in Section-V.
6. Captive VSAT service licensees can set up only one CUG for their own use.
7. A maximum Data Rate upto 512 kbps per VSAT for Star configuration & 2 Mbps for Mesh configuration (including all carriers) is permitted subject to the compliance of the Technical parameters as specified in TEC Interface Requirements No. IR/VST-08/02 Dec. 2003.

## Section – III

**Financial Conditions:****1. Fees payable.****1.1 Entry fee:**

The applicant company will be required to pay a one-time entry fee of Rs. 30 lakhs before signing the License Agreement. Entry fee will not be applicable for the migration to new regime by existing licensees.

**1.2 License Fees:**

In addition to the Entry Fee, the licensee shall also pay license fee annually at @Rs 10,000 /- per annum per VSAT/ Earth stations installed. Total No. of VSATs shall include all types of VSATs (receive only /transmit only /receive & transmit both etc.).

**1.3 Radio Spectrum Charges**

In addition, the LICENSEE shall also pay fees and Royalty for the use of Radio frequencies as per the details prescribed by the Wireless Planning & Coordination Wing (WPC).

1.4 The Licensee shall also pay the space segment charges as applicable from time to time and secure them through a Financial Bank Guarantee.

**2.0 Schedule of payment of license fee:**

2.1 For the purposes of the License Fee, the first year shall end on 31<sup>st</sup> March following the date of commencement of the License Agreement and the License Fee for the first year shall be determined on a pro-rata basis for the actual duration of the 'year'. From second year onwards, the year shall be of Twelve English calendar months from 1<sup>st</sup> of April to the 31<sup>st</sup> March for payment of License Fee.

**Explanation:** The license fee for the last quarter of the first year and last quarter of the last year of the License will be computed with reference to the actual number of days after excluding the other quarters, each being of three months.

2.2 The license fee shall be payable in four quarterly installments during each Financial Year. Each quarterly installment shall be paid in advance, 15 days prior to the commencement of that quarter, duly certified with an affidavit by a representative of the LICENSEE, authorized by the Board resolution.

2.3 The quarterly payment shall be made together with a STATEMENT indicating the number of VSATs in use along with their location at the end of each month. The number of VSATs in use at the end of each month shall be added for all the months of the quarter and divided by the number of completed months for the purpose of calculation of License Fee.

2.4 The LICENSEE shall adjust and pay the difference between the advance payment made and actual amount duly payable for a quarter, within 10 days of the completion of the quarter.

2.5 Any delay in payment of license fee or any other dues payable under the license beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending rate (PLR) of State Bank of India existing on 1<sup>st</sup> April of that financial year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest.

2.6 In case, any under-reporting in the number of VSATs is detected, it shall attract a penalty of 50% of the entire amount of short payment. The amount of short payment along with the penalty shall be payable within 15 days, failing which interest shall be further charged as per terms of Condition 2.5. The LICENSOR further reserves the right to terminate the license in addition to the recovery of all dues under the License Agreement.

2.7 The Royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of Ministry of Communications may, prescribe from time to time.

2.8 The quarterly payments shall be made by the LICENSEE through a Demand Draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by the LICENSOR.

2.9 The LICENSOR reserves the right to verify the number of VSATs installed and in use from the records of the Licensee or any other records available with it including spot inspection of Network Management System (NMS).

2.10 The LICENSEE will have to make his own arrangement for all infrastructures involved. The LICENSEE, shall separately pay the charges for communication resources and other infrastructure facilities provided by BSNL/ MTNL/ Other Service Providers.



### 3.0 Bank Guarantees:

3.1 The LICENSEE shall submit a Financial Bank Guarantee (FBG) valid for a period of one year from any Scheduled Bank in India in the prescribed proforma at Annexure-II. Initially, the Financial Bank Guarantee shall be for an amount of Rs. 30 lakhs which shall be submitted before signing the License Agreement. Subsequently, the amount of FBG shall be equivalent to the estimated sum payable annually towards the license fee. The amount of FBG shall be subject to periodic review by the LICENSOR. (Financial Bank Guarantee is not applicable in the case of Central Government Departments.) \*

3.2 Performance Bank Guarantee is not applicable for captive VSAT networks.

3.3 Initially, the Bank Guarantee shall be valid for a period of one year and shall be renewed from time to time. The LICENSEE, on its own, shall extend the validity period of the Bank Guarantee for similar term at least one month prior to its date of expiry without any demand or notice from the LICENSOR on year to year basis. Any failure to do so shall amount to violation of the terms of the license and shall entitle the LICENSOR to encash the Bank Guarantee and to convert into a cash security without any reference to the Licensee and at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENSOR on such encashment.

3.4 Without prejudice to its rights of any other remedy, the LICENSOR may encash Bank Guarantee (FBG) in case of any breach in terms and conditions of the License by the LICENSEE.

\* marked portion is to be added in case of Central Government Departments only.

SECTION-IV  
Part - IDEFINITIONS, INTERPRETATIONS AND TRANSITIONAL PROVISIONS RELATING  
TO THE CONDITIONS

1. In these conditions unless the context otherwise requires:-

- (a) "Effective date" is the date which is so specified in this License agreement.
- (b) Licensor shall refer to the President of India acting through any authorized person, who granted license under Section-4 of Indian Telegraph Act, 1885 and Indian Wireless Telegraph Act, 1933, unless otherwise specified.
- (c) "Message" means anything falling within paragraph 3 of section 3 of the Indian Telegraph Act 1885, and specifically permitted under this License.
- (d) "Service Area" defines the geographical limits within which the Licensee may operate and offer the Services except the areas specified from time to time by Government of India.
- (e) "Technical Specifications" means the specifications referred to as mandatory service requirement of the related service.
- (f) "Authority" shall refer to the Director General, Telecommunications, Government of India, and includes any officer empowered by him to perform all or any of the functions of the Telegraph Authority under the ITA, 1885 or such Authority as may be established by Law.
- (g) "Validity of the License" is the period for which this License may be effective;
- (h) "Value Added Service" for the purpose of this Licensee means enhanced telecommunication service the provision of which necessarily involves both the use of a telecommunication system and the provision by means of that system of a Service (other than a directory information service), which is additional to the conveyance (not including switching) of Messages by means of that system and switching incidental of such conveyance;
- (i) The term "Service" means closed user group captive VSAT domestic Data Network via INSAT Satellite System.
- (j) "DOT" means the Department of Telecommunications.
- (k) "WPC" means Wireless Planning and Coordination wing of Ministry of Communications.
- (l) NOCC" means Network Operation Control Centre.
- (m) "Closed User Group" is defined as per Section-V.
- (n) "VSAT" means Very Small Aperture Terminal.

(o) "Designated Authority" means officials/officers designated by the Authority.

(p) "Captive VSAT License" means the License for those networks in which the equipment and facilities are owned and operated by Licensee itself for own use. Third party ownership and provision of services by third party are not permitted under this category of License.

(q) BSNL means Bharat Sanchar Nigam Limited

2. For the purpose of these conditions, reference to the supply of telecommunication resources do not include the making available of such resources. The telecommunication resources referred herein would have to be applied for and acquired in the normal course.

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SECTION -IV  
Part II**Condition 1****1. OBLIGATIONS OF THE LICENSEE:**

1.1 The licensee will provide details of equipment, address of equipment location and site configuration details on monthly basis to the Licensor from the date of signing of the License agreement or as and when required by the Licensor.

1.2 The Licensee may apply for and obtain the desired resources from any Licensed Telecom Service Provider. The operation and tariff for the traffic passed through these resources as well as provision of these resources shall be governed by the prevailing rules and the guidelines of the BSNL/ MTNL or other Licensed Telecom Service Provider on the subject. This does not entitle the Licensee as a matter of right to demand the resources, including space segment.

1.3 The Licensor reserves the right to revise the procedure of operation of License during its currency based upon its experience or otherwise without any claims whatsoever on the Licensor from the Licensee.

1.4 The Licensee shall provide at his own cost technical facilities for accessing any port of the switching equipment at the HUB or an independent VSAT for interception of the messages by the designated authorities at a location to be determined by the Licensor.

1.5 The Licensee shall provide a voice communication between the HUB Station and Network Operation Control Centre of the INSAT System at his own cost.

1.6 Obtaining all type of clearances shall be the licensee's obligation which will not have any connection with the payment of License fee as per schedule fixed in the License agreement.

**1.7 OWNERSHIP OF THE LICENSEE COMPANY**

1.7(a) **Foreign Direct Investment (FDI):** The Licensee must be an Indian company, registered under the Indian Companies Act'1956. The Licensee shall ensure that the total foreign equity in the LICENSEE Company does not, at any time during the entire LICENSE PERIOD, exceed 74% of the total paid up equity subject to the following FDI norms:

- (i) Both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. Indirect foreign investment shall mean foreign investment in the company/ companies holding shares of the licensee company and their holding company/companies or legal entity (such as mutual

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funds, trusts) on proportionate basis. Shares of the licensee company held by Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian holding'. In any case, the 'Indian' shareholding will not be less than 26 percent.

- (ii) FDI up to 49 percent will continue to be on the automatic route. FDI in the licensee company/Indian promoters/investment companies including their holding companies, shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.
- (iii) The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.
- (iv) FDI shall be subject to laws of India and not the laws of the foreign country/countries.

- 1.7 (b) (i) The details of the equity holdings in the LICENSEE Company as disclosed by the LICENSEE company, are as follows:

Sl. No.	Name of Promoter/Partner	Indian/ Foreign	Equity %	Net Worth
1.				
2.				
3.				

- (ii) Details of equity holding of the Promoter/Partner Indian Companies of the LICENSEE Company, as disclosed by the LICENSEE company, are as follows:

Sl. No.	Name of Promoter/Partner	Indian/ Foreign	Equity %	Net Worth
1.				
2.				
3.				

- (iii) The LICENSEE shall declare the Indian & Foreign equity holding ( both direct & indirect) in the LICENSEE company and submit unconditional compliance to the FDI norms and security conditions on 1<sup>st</sup> day of January and 1<sup>st</sup> day of July on six monthly basis to the LICENSOR. The compliance report should be certified by the Company Secretary or the Statutory Auditor of the LICENSEE Company.

- 1.7(c) There shall be no change in the Indian and Foreign promoter(s) or their equity participation unless permitted by the LICENSOR. The licensee company may, with

prior written consent of the LICENSOR replace a promoter(s) by another promoter(s) of equal or higher standing as stipulated below :

- An existing foreign promoter may be substituted by another foreign promoter of similar standing.
- The existing Indian Promoter(s) may also be allowed to acquire the foreign promoter's shareholding; and
- Transfer of equity inter-se between existing Indian promoters may be permitted, provided the majority Indian promoter continues to hold at least the present shareholding for a period of five years from the effective date of LICENSE AGREEMENT. The merger of Indian companies may be permitted as long as competition is not compromised.

1.8 The LICENSEE shall also ensure that :

- (i) Any change in share holding shall be subject to all necessary statutory requirements.
- (ii) Management control of the LICENSEE company shall at all times remain in Indian hands.

1.9 Change in the name of the LICENSEE Company shall be permitted in accordance with the provisions under the Indian Companies Act, 1956.

#### 1.10 Security Conditions

- (i) The Chief Officer Incharge of technical network operations and the Chief Security Officer should be a resident Indian citizen.
- (ii) Details of infrastructure/network diagram (technical details of the network) could be provided on a need basis only to telecom equipment suppliers/manufacturers and the affiliate/parents of the licensee company. Clearance from the licensor (Department of Telecommunications, Government of India ) would be required if such information is to be provided to anybody else.
- (iii) For security reasons, domestic traffic of such entities shall not be hauled/routed to any place outside India.
- (iv) The licensee company shall take adequate and timely measures to ensure that the information transacted through a network by the subscribers is secure and protected.
- (v) The officers/officials of the licensee companies dealing with the lawful interception of messages will be resident Indian citizens.

- (vi) The majority Directors on the Board of the company shall be Indian citizens.
- (vii) The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the licensee.
- (viii) The Company shall not transfer the following to any person/place outside India:-
- (a) Any accounting information relating to subscriber (Note: it does not restrict a statutorily required disclosure of financial nature) ; and
  - (b) User information .
- (ix) The Company must provide traceable identity of their subscribers.
- (x) On request of the licensor or any other agency authorized by the licensor, the licensee should be able to provide the geographical location of any subscriber at a given point of time.
- (xi) The Remote Access (RA) to Network would be provided only to approved location(s) abroad through approved location(s) in India. The approval for location(s) would be given by the Licensor (DOT) in consultation with the Security Agencies (IB).
- (xii) Under no circumstances, should any RA to the suppliers/manufacturers and affiliate(s) be enabled to access Lawful Interception System(LIS), Lawful Interception Monitoring(LIM), Call contents of the traffic and any such sensitive sector/data, which the licensor may notify from time to time.
- (xiii) The licensee company is not allowed to use remote access facility for monitoring of content.
- (xiv) Suitable technical device should be made available at Indian end to the designated security agency/licensor in which a mirror image of the remote access information is available on line for monitoring purposes.
- (xv) Complete audit trail of the remote access activities pertaining to the network operated in India should be maintained for a period of six months and provided on request to the licensor or any other agency authorised by the licensor.

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- (xvi) The licensee should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location.
  - (xvii) The licensee should familiarize/train Vigilance Technical Monitoring (VTM)/security agency officers/officials in respect of relevant operations/features of their systems.
  - (xviii) It shall be open to the licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle.
  - (xix) In order to maintain the privacy of voice and data, monitoring shall only be upon authorization by the Union Home Secretary or Home Secretaries of the States/Union Territories.
  - (xx) For monitoring traffic, the licensee company shall provide access of their network and other facilities as well as to books of accounts to the security agencies.
  - (xxi) The aforesaid Conditions shall be applicable to all the licensees irrespective of the level of FDI.
- 1.11
- i) The Licensee shall be completely and totally responsible for security of their networks. They shall have organizational policy on security and security management of their networks. **Network forensics, Network Hardening, Network penetration test, Risk assessment, Actions to fix problems and to prevent such problems from reoccurring etc** should be part of the policy and they should take all measures in respect of these activities. They should submit their policy to Licensor within 30 working days from the date of this amendment for record.
  - ii) In furtherance of organizational security policy, the Licensees shall audit their network or get the network audited from security point of view once a year from a network audit and certification agency. The first audit of the network should be completed within 12 months of the issue of this amendment and thereafter once in a financial year. A list of some of the agencies which might carry out network audit from security point of view will be on the website of DoT. The list is purely for information dissemination as a facilitating measure and TSPs are free to engage the service of any other agency for this purpose, which is certified to carry out the audit as per ISO 15408 and ISO 27001 standards, because network security is their responsibility.
  - iii) The licensee shall induct only those network elements into his telecom network, which have been got tested as per relevant contemporary Indian or International Security Standards e.g. IT and IT related elements against ISO/IEC 15408 standards, for Information Security Management System against ISO 27000



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series Standards, Telecom and Telecom related elements against 3GPP security standards, 3GPP2 security standards etc from any international agency/ labs of the standards e.g. Common Criteria Labs in case of ISO/IEC 15408 standards until 31<sup>st</sup> March 2013. From 1<sup>st</sup> April 2013 the certification shall be got done only from authorized and certified agencies/labs in India. The copies of test results and test certificates shall be kept by the licensee for a period of 10 years from the date of procurement of equipment.

- iv) The Licensee shall include all contemporary security related features and features related to communication security as prescribed under relevant security standards while procuring the equipment and implement all such contemporary features into the network. A list of features, equipments, software etc procured and implemented shall be kept by the licensee till they are in use, which may be subjected to inspection and testing by the Licensor at any time, in the network or otherwise, at the option of the Licensor.
- v) The licensee shall employ only Resident, trained Indian Nationals as Chief Technical Officer/s, Chief Information Security Officer, Nodal Executives for handling interception and monitoring cases and incharge of network elements like Hub, NMS, Switches, Central Database etc. and System Administrator/s.
- (vi) The Licensee shall
  - a. Ensure that all the documentation, including software details are obtained from manufacturer/vendor/supplier in English language.
  - b. Keep a record of operation and maintenance procedure in the form of a manual.
  - c. Keep a record of all the operation and maintenance command logs for a period of 12 months, which should include the actual command given, who gave the command, when was it given with date and time and from where. For next 24 months the same information shall be stored/retained in a non-online mode. For this purpose licensee shall keep a list of User ID linked with name and other details of the user duly certified by the system administrator. The user list shall be provided to licensor or agencies designated by the Licensor as and when required.
  - d. Keep a record of all the software updations and changes. The major updation and changes should also be informed to licensor within 15 days of completion of such updation and changes.
  - e. Keep a record of supply chain of the products (hardware/software). This should be taken from the manufacturer/vendor/supplier at the time of procurement of the products.
  - f. Comply with the conditions of Remote Access (RA).
- (vii) The Licensee shall create facilities for monitoring all intrusions, attacks and frauds and report the same to the Licensor and to CERT-IN. Such facilities shall be created by the Licensee within 12 months of issue of this amendment and be reported to Licensor as and when created during this period.
- (viii) The licensee through suitable agreement clauses with vendor shall ensure that the Vendor/Supplier allow the Telecom Service Provider, Licensor/DoT and/or its designated agencies to inspect the hardware, software, design,

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development, manufacturing facility and supply chain and subject all software to a security/threat check any time during the supplies of equipment. The number of such visits will be limited to two in a Purchase Order. The expenditure for such visits for order valuing more than Rs 50 crore upto 40 man-days per visit shall be borne by the licensee directly or through vendor.

- (ix) a) A penalty upto Rs 50 crores will be levied for any security breach which has been caused due to inadvertent inadequacy/inadequacies in precaution on the part of licensee prescribed under this amendment. Licensor shall constitute a five members committee, which shall include two cyber security experts, to determine whether the breach is due to inadvertent inadequacy/inadequacies or otherwise. The committee shall also decide the amount of penalty depending upon loss, gravity of breach etc.
- b) In case of inadequate measures prescribed under this amendment, act of intentional omissions, deliberate vulnerability left into the equipment or in case of deliberate attempt for a security breach, penalty amount will be Rs. 50 crores per breach. The same breach in the same equipment purchased through same PO or in the same lot or the same negligence at the same time at multiple locations in an operator's network will be considered as a single breach for the purpose of levying penalty under this clause. The Licensee shall deposit the penalty amount with the Licensor within 30 days of the issue of Notice.
- c) Besides the penalty, liability and criminal proceedings under the relevant provisions of various Acts such as Indian Telegraph Act, Information Technology Act, Indian Penal Code (IPC), Criminal Procedure Code (Cr PC) etc can be initiated. In such cases licence of the licensee can also be cancelled, vendor or supplier who supplied the hardware/software, that caused the security breach, could be blacklisted for doing business in the country or both. The licensee must include the clause of licensor discretion of blacklisting of vendor or supplier in such cases in the agreement signed with vendors/suppliers.

#### Condition 2

#### 2.0 ACCEPTANCE TESTING :

2.1 Mandatory performance verification of HUB Station will be carried out by NOCC or any other agency authorized by the Licensor for this purpose.

Mandatory performance verification of VSATs will be carried out by NOCC on following basis:-

- a) Full testing of VSATs with antenna of 3.8m or above .  
b) Selective testing of VSATs with antenna of smaller size.

**Condition 3****3.0 EXTENSION OF LICENSE :**

3.1 The validity of this License is for a period of 20 years unless terminated under Condition 4.0. If requested by the licensee, extension may be granted by the Licensor for a period of 10 year at a time. The decision of the Licensor will be final in the matter. In case the licensee does not wish to extend the License beyond the expiry period, he will inform the Licensor accordingly at least 90 days prior to the expiry of the License.

**Condition 4****4.0 TERMINATION OF THE LICENSE :****4.1 TERMINATION FOR DEFAULT :**

The LICENSOR may, without prejudice to any other remedy available for the breach of any conditions of LICENSE, by a written notice of 30 Calendar days issued to the LICENSEE at its registered office, terminate this LICENSE under any of the following circumstances :

If the LICENSEE:

- a) fails to perform any obligation(s) under the LICENSE including timely payments of License fee or other charges due to the LICENSOR;
- b) fails to rectify, within the time prescribed, any defect as may be pointed out by the LICENSOR.

OR

- c) performs such activity which are not permitted under this License

**4.2 TERMINATION FOR INSOLVENCY :**

The Licensor may at any time terminate the License by giving written notice to the Licensee without compensation to him, if the Licensee becomes bankrupt or otherwise insolvent. Provided such termination will not prejudice or affect any right of action which has accrued or will accrue thereafter to the Licensor. The bank guarantee provided by the licensee will also be encashed and forfeited.

**4.3 TERMINATION FOR CONVENIENCE :**

If the Licensee is to surrender the License, he shall give a notice of 90 days.

**4.4 TERMINATION FOR TRANSFER OF THE LICENSE :**

The Licensee shall (clandestinely or otherwise) not transfer the licensing rights granted to him in any manner whatsoever including sub contracting to any other party, fully or in part. Any violation will be construed as a breach of License and the License shall be terminated in accordance with Condition 4.1 hereinabove. The bank guarantee provided by the licensee will

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also be encashed and forfeited without prejudice or affect any right of action which has accrued or will accrue thereafter to the Licensor.

#### 4.5 ACTIONS PURSUANT TO TERMINATION OF LICENSE :

4.5.1 In case of termination of License in terms of clause 4.1 & 4.2 or 4.4 , the Bank Guarantee provided by the licensee shall be encashed and forfeited.

4.5.2 In case of termination of License for convenience, the Bank Guarantee shall be returned to the licensee 6 months after the termination of the License and after ensuring clearance of all dues which the licensee company is liable to pay.

### Condition 5

#### 5.0 RIGHT TO INSPECT THE SITE :

5.1 The Licensor, or his authorized representative shall have the right to inspect the sites wherefrom the Services are extended. The Licensor shall, in particular but not limited to, have the right to have access to lines, junctions, trunks, terminating interfaces, processing hardware/software, memories of live, magnetic, optical and any other varieties, wired options, distribution frames, and to enter into dialogue with Input/Output devices or terminals. The licensee will provide the necessary infrastructure for continuous monitoring of the same if required by the Licensor or his authorized representative for national security reasons. No prior permission/intimation shall be required to exercise the right of Licensor to carry out the inspection.

#### 5.2 DIRECTIONS FOR MAINTAINING OF DATA ON NETWORK MANAGEMENT SYSTEM (NMS).

5.21 The information should be maintained in the Network Management System (NMS) in such a way that by giving simple software command, the data related to the total number of VSATs configured/operational with date of commissioning should be available alongwith their date of configuration, date of commissioning, coordinates, address of the VSAT locations alongwith the name of city, district, state etc.

5.22 At the time of inspection by representatives of DOT or any one duly authorised by DOT, it should be possible to take a soft copy of the details of the users.

5.23 Each site should have an identity code no. which should be unique to it and this should be serially allotted at the time of configuring of new VSATs. While giving the monthly report of the number of VSATs installed/de-installed during the month, this identity code should also be mentioned. For the VSATs already existing, as on date, this code should also be allotted in chronological order. Secondly, this identity code should be available on the NMS. In case icons are used on NMS (Network Management System) then the data base corresponding to the icon e.g. identity code, address of VSAT, configuration data, commissioning date etc. should be easily available and should be maintained on the same NMS.

5.24 The number of VSATs faulty/non-operational at any given time should be available in each NMS by giving a simple software command.

- 5.25 The NMS should be on line i.e. original data in NMS should be available to the inspecting party. The secondary data bases may be made for the use of the VSAT operator but for inspection NMS should contain all the requisite information calculated from the data from NMS only.
- 5.26 The test sites should not be more than 2% of the total sites in the networks subject to a maximum of ten sites. Each test site should be clearly named as test site in the NMS along with the other details.
- 5.27 There should not be a difference of more than 15 days between configuration and commissioning of VSATs in the NMS.
- 5.28 The monthly report regarding the no. of VSATs at the end of each month being submitted to LR cell of DOT with copy to Director(NOCC) and Director(Satellite) should be submitted by the 7<sup>th</sup> of following month.
- 5.29 The monthly report being submitted to NOCC/LR cell/satellite cell should be submitted in both soft copy and hard copy. The proforma is attached as **Annexure-I**.
- 5.30 The VSATs which have been closed/ transferred should be immediately deleted from NMS. Their identity code should not be reused and details of the closure should be intimated to the LR and Satellite cells of DOT and NOCC in the monthly operation report.
- 5.31 The compilation of all VSATs working at the end of each calendar year with full details such as ID code, date of commissioning, name and address of user, with Telephone no. and FAX No. is also required to be submitted in both soft copy and hard copy.
- 5.32 Each VSAT licensee must provide the documents relating to approvals/ clearance for the VSAT terminal from the Licensor such as NOCC/WPC.

#### Condition 6

##### **6.0 Application of Indian Telegraph Act.**

- 6.1 The LICENSEE shall adopt all means and facilitate in every manner the application of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified or replaced from time to time. The Service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified and amended from time to time.
- 6.2 As per the provision of Section 5 of Indian Telegraph Act, the licensee will provide necessary facilities to the designated authorities of Central/State Government as conveyed by the Licensor from time to time for interception of the messages passing through its network.

Section 5 (2) of the Indian Telegraph Act 1885 reads as under:

"On the occurrence of any public emergency or in the interest of public safety, the Central Government or a State Government or any officer specially authorized in their behalf by the

Central Government or a State Government may, if satisfied that it is necessary or expedient to do so in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense, for reasons to be recorded in writing, by order, direct that any message or class of messages to or from any person or class of persons or relating to any particular subject, brought for transmission by or transmitted or received by any telegraph, shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Government making the order or an officer thereof mentioned on the order:

Provided that press messages intended to be published in India of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this subsection."

#### Condition 7

##### 7.0 Force- Majeure

7.1 If at any time, during the continuance of this LICENSE, the performance in whole or in part, by either party, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (as are not limited to the establishments and facilities of the Licensee), fire, floods, natural calamities or any act of GOD (hereinafter referred to as EVENT), provided notice of happenings of any such EVENT is given by the affected party to the other, within 21 Calendar days from the date of occurrence thereof, neither party shall, by reason of such event, be entitled to terminate the LICENSE, nor shall either party have any such claims for damages against the other, in respect of such non-performance or delay in performance. Provided SERVICE under the LICENSE shall be resumed as soon as practicable, after such EVENT comes to an end or ceases to exist. The decision of the LICENSOR as to whether the service may be so resumed (and the time frame within which the service may be resumed) or not, shall be final and conclusive.

7.2 However, the Force Majeure events noted above will not in any way cause extension in the period of the LICENSE.

7.3 While it will normally not be a ground for non-payment of License Fee, the liability for payment of License fee for such inoperative period(s) due to force majeure clause may, however, be reduced/waived by the LICENSOR, at its discretion based on circumstances of the EVENT.

7.4 Provision of alternative transponder capacity in case of any unforeseen failure of normally allocated space segment is not guaranteed. In case of failure of space segment an attempt will be made to provide the space segment from stand by transponder, if any available to the extent technically feasible. However, no claims for the space segment failure will be allowed.

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**Condition 8****8.0 DISPUTES SETTLEMENT:**

8.1 As per provisions of Telecom Regulatory Licensor of India Act, 1997-as amended from time to time, dispute, if any, between:

- i) the LICENSEE and a Group of Consumers, and
- ii) the Licensee and LICENSOR,

shall be settled in Telecom Disputes Settlement and Appellate Tribunal, if such dispute arises out of or connected with the provisions of the license agreement.

**Condition 9****9.0 INTERCONNECTION WITH OTHER NETWORKS :**

9.1 Interconnection with any other private/public/value added network except what is specifically permitted hereinafter will not be done by the Licensee without prior permission from the Licensor. Also no other service other than the one for which the License is granted should be made available on this network. The Licensor reserves the right to grant or not to grant such permission and also the right to impose necessary conditions if the permission is granted. It is the obligation of the Licensee to ensure that the conditions are not violated by any of his authorized member of this network.

**i) Interconnection with PSTN - Not permitted**

**ii) Network of other VSATs – Interconnection shall be permitted through the Hub on case to case basis, wherever the captive CUG nature of the network is not violated.**

**iii) Terrestrial data lines leased by users of VSATs – Interconnection shall be permitted on case to case basis, wherever the CUG nature of the network is not violated.**

**iv) Terrestrial data lines of a public nature:- Interconnection shall be permitted through the Hub provided it is connected to a public data network such as Internet/ INET.**

**v) Overseas office of the CUG for data transfer purposes:- Interconnection shall be permitted on a case to case basis subject to the condition that the connection should be between the hub and the server of the overseas office through a leased line passing through an international gateway which can be monitored for security purposes.**

**vi) VAN Operators:- Interconnection shall be permitted on case to case basis, wherever the CUG nature of the network is not violated.**

**vii) Internet/INET:- The hub of VSAT licensee shall be allowed to be connected to an internet node of his choice through a lease line taken from Telecom service provider who is authorised to sell bandwidth/ leased line. Similar inter-connection of the Hub with INET is also permitted.**

viii) **Other media to provide for redundancy:-** Switchover between a terrestrial CUG network and a VSAT based CUG network belonging to the same licensee shall be permitted for redundancy purpose.

**Condition 10**

**10.0. LEASING OF THE SPACE SEGMENT OF INSAT**

10.1 The required space segment shall be reserved/allocated on INSAT satellites by Department of Space (DoS) on the terms and conditions as specified by Department of Space (DoS) from time to time.

10.2 The operation of the space segment will be governed by rules and procedures of NOCC.

10.3 The space segment charges will be payable to DoS as applicable from time to time.

**Condition 11**

**11.0 WPC WING'S LICENSE**

11.1 A separate License shall be obtained by the Licensee directly from the WPC Wing of Ministry of Communication, which will permit utilization of appropriate radio frequency spectrum for the establishment and operation of the VSAT Network under usual terms and conditions of that License. Grant of License will be governed by normal rules, procedures & guidelines and will be subject to completion of necessary formalities.

11.2 For this purpose, an application shall be made directly to the Wireless Advisor to the Govt. of India, WPC Wing, Ministry of Communication, Dak Bhawan, Sansad Marg, New Delhi – 110001 in a prescribed application form available from WPC Wing.

11.3 Siting clearance in respect of HUB Station/VSAT shall be obtained directly from the WPC Wing for which an applicant shall apply directly to the Secretary, SACFA (Standing Advisory Committee on Frequency Allocations) in the prescribed application form to the following address:

The Secretary (SACFA)  
WPC Wing, Ministry of Communications  
Sardar Patel Bhawan, Sansad Marg,  
New Delhi – 110001.

(Note: SACFA is the apex body in Ministry of Communications for considering matters regarding frequency allocations and other related issues. Siting clearance refers to the agreement of major wireless users for the location of proposed stations from the point of view of compatibility with other radio systems and aviation hazard. It involves inter-departmental coordination.)

11.4 License fee and Royalty shall have to be paid for grant of WPC License which will be as prescribed by WPC and subject to revision from time to time.



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11.5 The Licensee shall not cause harmful interference to other authorized users of radio spectrum.

11.6 The Wireless Planning and Coordination (WPC) Wing shall have the right to inspect from time to time the installations.

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SECTION—IV

PART III

**COMPLIANCE STATEMENT**

This company hereby agrees to fully comply with all Financial, Technical, Commercial and General terms & conditions of License Agreement including amendments/ clarifications issued by the Department of Telecom without any deviations.

Signature of the authorized signatory of the bidder/operating company.

For and on behalf of

\_\_\_\_\_

(Name of the company)

## SECTION-V

**Definition of Closed User Group for CUG domestic VSAT network:-**

A Closed User Group is Permissible for following categories of business associationship:-

- i) Producer of goods and his trader/agent;
- ii) Provider of service and his trader/agent;
- iii) Producer of same category of goods (e.g. manufactures of petroleum products); and
- iv) Provider of the same category of service (e.g. bank).

Provided that ultimate consumer of a service or a product shall not be a part of the Closed User Group; and provided further that the closed user group is meant for legitimate business communication purposes of the group.

A Closed User Group can also be formed among a holding company and its subsidiaries or among interconnected undertakings, these terms being defined as per MRTP Act, 1969 provided that such Closed User Group shall be only for the purposes of legitimate business communications of the group.

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**ANNEXURE-I**

**MONTHLY OPERATION REPORT PROFORMA FOR VSAT NETWORK**

1. Reporting Month :
2. Name of the Network :
3. Name of the Hub Station :
4. Number of VSATs in operation at the end of last month :
5. Number of VSATs in operation at the end of month reported :

Antenna Size	Added during the month	Withdrawn during the month	Progressive Total

6. Power transmitted from Hub :
7. Hub U/L EIRP :
8. For Star (TDM/TDMA) TDM/FTDMA:

Out Bound Carriers			In Bound Carriers			
Data Rate (Kbps)	Uplink RF Frequency (MHz)	Satellite Power (dBw)	Data Rates (Kbps)	No. of I/B Carriers	Uplink RF Frequency (MHz)	Satellite Power (dBw)

9. Number of DAMA/PAMA Carriers

	Data Rates (Kbps)	No. of Carriers	Satellite Power (dBw)
<b>P</b>			
<b>A</b>			
<b>M</b>			
<b>A</b>			
<b>D</b>			
<b>A</b>			
<b>M</b>			
<b>A</b>			

10. Any Alteration or addition in the configuration of HUB Station/ VSAT (in detail):

11. Special feature if any:

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Sl No	Site Name & Address	Longitude/Latitude	Look Angle AZ/EL	Size of VS AT in Mts	Tx/Rx In MHz	Altitude Above MSL in Mts	Ht of Antenna mast from Ground in Mts	Ht. of Bldg. in Mts	Ht of Antenna mast from roof in Meters	Power in Watts	Date of Commissioning

## FINANCIAL BANK GUARANTEE

To

The President of India  
Acting through The Telegraph Authority

In consideration of the President of India (hereinafter called 'the Authority') having agreed to enter into a License agreement with M/s. .... of ..... (hereinafter called 'the Licensee') to establish, maintain and operate ..... service (hereinafter called 'the Service') as per License No/LOI No ..... dated ..... (hereinafter called the License Agreement) on the terms and conditions contained in the said License Agreement, which inter alia provides for production of a Bank Guarantee to the extent of Rs ..... (Rupees ..... only) by way of security for payment of the License fee as well as such other fees or charges required to be paid by the Licensee under the License Agreement. We ..... (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the bank') at the request of the Licensee hereby irrevocably and unconditionally guarantee to the Authority that the licensee shall pay all the dues, including but not limited to, the licensee fee, access charges etc. to the Authority

2. We, the bank, hereby undertake to pay to the Authority an amount not exceeding Rs. .... (Rupees ..... only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reasons of any failure of the licensee to extend the validity of the guarantee in terms of License agreement, pay all the above mentioned fees, dues and charges or any part thereof within the period stipulated in the License Agreement.

3. We, the Bank, hereby further undertake to pay as primary obliger and not merely as surety to pay such sum not exceeding Rs. .... (Rupees ..... only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the licensee to pay any fees or charges or any part thereof in terms of the said License Agreement.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether Licensee has failed to pay the said License fees or any other fees or charge or any part thereof payable under the said License Agreement and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

a) Guarantee herein contained shall remain in full force and effect for a period of ..... from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said License Agreement have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said License Agreement have been fully and properly carried out by the said Licensee and accordingly discharged this guarantee.

b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our Agreement or obligations hereunder to vary any of the terms and conditions of the said License to extend time of performance of any obligations by the said Licensee from time to time or to postpone for any time or from time to time any of the

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powers exercisable by the Authority against the said Licensee and to forbear or to enforce any of the terms and conditions relating to the said License Agreement and we shall not be relieved from our liability by reason of any variation or extension being granted to the said Licensee or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said Licensee or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

c) Any claim which we have against the Licensee shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Licensee.

6. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7 Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs. \_\_\_\_\_ and our Guarantee shall remain in force until -- \_\_\_\_ year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. \_\_\_\_\_ all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated .....day ..... for .....  
(name of the Bank)

Witness :

- 1.....
- 2.....

GOVERNMENT OF INDIA  
DEPARTMENT OF TELECOM  
MINISTRY OF COMMUNICATIONS  
SANCHAR BHAWAN  
NEW DELHI-110001.

Annex-III

No. 204-1/96-PHC

Dated 16-8-96.

To

All CGM Telecom Circles  
CGM MTNL New Delhi/Mumbai.  
CGM Telephones Calcutta/Madras.

Subject:- Licence fee for privately owned VAST-based Telecom network.

Licence to set up privately owned VSAT-BASED telecom networks to various parties are issued by DOT-HQ.

2. The matter of fixation of licence fee for privately owned VSAT based telecom network has been under consideration of the department and it has now been decided that the following rate of licence fee shall be leviable for operation and maintenance of privately owned VAST based telecom network.

(a) Rs. 16,000 per VAST terminal p.a.

(b) Minimum licence fee of Rs. 16,00,000 for each VAST network p.a

3. The minimum amount of licence fee of Rs. 16,00,000 p.a. will cover upto 100 number of VASTs in a network and if the number of VASTs exceeds 100, additional amount of Rs. 16,000/- p.a. per additional VSAT is to be charged.

4. The licence fee will be recoverable from the date of commissioning of the system or after 18 months from the date of issue of licence from DOT whichever is earlier.

5. The minimum licence fee as indicated above shall be payable in advance and can be paid in equal quarterly installments ten days prior to the beginning of the quarter.

6. In the case of licence fee in excess of minimum licence fee, the following procedure should be followed:

6.1 The licence fee in excess of the minimum licence fee will be paid at the end of the year. For this purpose the licensee will provide quarterly statement to the Controlling and Billing Authority (to be designated by the DOT HQ) indicating the number of VSATs in use alongwith VSAT locations at the end of each month during each quarter. The billing authority/DOT will have the right to verify this figure from the record of the licensee or any other record available with it.

Contd-2



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6.2 For the purpose of calculation of the licence fee, the number of VSATs in use at the end of each month shall be added for all the months of the quarter and divided by the number of completed months. If the number of VSATs in a quarter is such that the licence fee payable is more than the minimum licence fee, the advance licence fee payable will be proportionately increased in the subsequent quarter.

7. This issues with the concurrence of Finance vide M(F) diary No. 1519 dated 18-7-96.

*K. C. Baidya*

( K. C. Baidya ) 16-5-96

Asstt. Director General (CS-II)

Annex-IV

Government of India  
Ministry of Communication & Information Technology  
Department of Telecommunications  
20, Ashoka Road, Sanchar Bhawan, New Delhi  
(LR Cell)

No. 815-66/99-LR (Vol. III)

dated 30.12.03

To

All Captive VSAT Licensees

Subject: Amendment To Licence Agreement.

The Condition 1.2 Section III (financial conditions) of the Captive VSAT licence agreement has been amended to read as follow :-

"In addition to the Entry Fee, the LICENSEE shall also pay license fee annually at Rs.10,000 per annum per VSAT installed. The total number of VSATs shall include all types of VSATs (receive only/transmit only/receive & transmit both etc.)

2. This amended Condition on licence fee will be applicable w.e.f. 01.01.2004. Acceptance of the same may kindly be communicated.

(Abhaya Raj)  
ADG (LR-IV)  
(अभय राज)  
(ABHAYA RAJ)

Copy to :

- (i) DDG (VAS)/ DDG (BS)/ DDG (PIP)/ DDG (LF)/ Wireless  
(ii) Secretary, Telecom. Regulatory Authority of India

अभयक न्यायनिदेशक (एल आर-IV)  
अभयक निदेशक (एल आर-IV)  
20 अशोक रोड, नई दिल्ली  
Deptt. of Telecom, New Delhi

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: 22<sup>nd</sup> 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:

$$\text{Royalty, } R \text{ (in Rs.)} = 35000 \times B_s$$

**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@

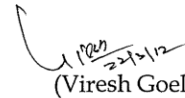
[@ for every 500 kHz or part thereof]

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 22<sup>nd</sup> 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