

BROAD GUIDELINES FOR ISSUE OF LICENCE FOR COMMERCIAL VSAT SERVICE PROVIDERS AND CAPTIVE VSAT SERVICE

The New Telecom Policy 1999 envisages grant of licence on non-exclusive basis to Very Small Aperture Terminal (VSAT) service providers for a period of 20 years extendable one time by 10 years. It has been decided to invite applications for award of licence on non-exclusive basis using INSAT satellite system transponders, for either of (i) commercial VSAT service and (ii) captive VSAT service, within the territorial boundaries of India. The broad guidelines for grant of licence are given below:-

The applicant company shall submit an application in the prescribed Application form but separately for commercial & captive VSAT service. The commercial VSAT service provider can offer the service on commercial basis to the subscribers by setting up a number of Closed User Group (CUG) whereas in the captive VSAT service only one CUG can be set up for the captive use of the licensee.

1. Eligibility criteria:-

1.1 A. Foreign Direct Investment (FDI): The applicant must be an Indian company, registered under the Indian Companies Act'1956. The Government has decided to enhance the Foreign Direct Investment limit from 49 per cent to 74 percent. The Licensee shall ensure that the total foreign equity in the LICENSEE Company does not, at any time during the entire LICENSE PERIOD, exceed prescribed cap for FDI of the total paid up equity.

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

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

- (iii) 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 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.
- (iv) 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.

- (v) The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.
- (vi) FDI shall be subject to laws of India and not the laws of the foreign country/countries.

B. 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.

- (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.
- 1.2 The unconditional compliance to the aforesaid conditions shall be submitted before signature of the license. Thereafter, compliance report shall be submitted on 1st day of July and January on six monthly basis.
- 1.3 Existing licence holders providing any telecom service should clear all outstanding dues and complete the rollout obligation before grant of VSAT licence.
2. **Entry fees:-** The entry fee for each type of service i.e. commercial or captive, is Rs. 30 lakhs and is non-refundable/ non-adjustable.
3. **Licence fees:-** The annual licence fee for the VSAT service is, -
- (a) for commercial VSAT service providers - @ 6% of Adjusted Gross Revenue (AGR) (inclusive of Universal Service Obligation (USO)).

- (b) 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.).

Revenue for this will be determined as per **Annex-1**.

4. **Rollout Obligation:-** A minimum of 5 VSATs alongwith Hub must be commissioned by Commercial VSAT Licensee within a period of one year from the date of grant of licence. In the event of failure, an amount of Rs. 10 lakhs shall be recovered for each year's delay upto a period of two years whereafter the licence shall be terminated. A Bank Guarantee for an amount of Rs. 10 lakhs valid for 18 months shall be taken and given alongwith entry fee. In the event of non-commissioning of service during first year, another Bank Guarantee for an amount of Rs. 10 lakhs valid for 18 months shall be taken and given. Wherever the service is not commenced till the expiry of first year from the date of licence, the first Bank Guarantee of Rs. 10 lakhs submitted alongwith entry fee shall be encashed and forfeited. The second Bank Guarantee shall be encashed and forfeited on the expiry of two years from the date of grant of licence for non-commencement of service. Otherwise, the Bank Guarantee will be returned on the satisfactory completion of Roll Out Obligation. There is no Roll out obligations for Captive VSAT licensee.
5. **Scope of Service:-** The intent of this licence is not to grant long distance carrier rights. 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 CUG (CUG definition at **Annex. 2**). The commercial VSAT service provider can set up a number of CUGs using the shared hub infrastructure.
6. **Data Rate (Transmission speed):-** A maximum data rate upto 512 Kbps per VSAT (including all carriers) in star configuration and upto 2 Mbps in mesh

configuration, as specified in TEC Interface Requirements No. IR/VST-08/02 DEC.2003, is allowed.

7. **Technical Parameters:-** The technical parameters mentioned in Interface Requirements for CUG domestic VSAT networks namely No.IR/VST-08/02 DEC. 2003 issued by T.E.C. are to be strictly complied with. Any other notification or modification thereof issued from time to time in this regard shall be binding.
8. **Definition of CUG:-** The definition of Closed User Group is given in **Annex-2**.
9. **Interconnection of CUGs:-** Inter-connection between CUGs, where the CUG nature of the network is not violated, will be permitted on a case to case basis.
10. **Voice Traffic:-** Occasional voice traffic is permissible strictly within the CUG.
11. **Tariff:-** The present tariff ceilings are given in **Annex-3**. Any other tariff structure whenever fixed by TRAI shall be binding on the licensee.
12. **Interconnections with other networks:-**
 - 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 CUG nature of the network is not violated.
 - iii) **Terrestrial data lines leased by customers 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) **WAN 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.
13. **Penalty clause:-** In case of the captive VSAT licensee, if an under-reporting of VSAT is detected, the licence shall be terminated immediately and other appropriate penalty will be imposed. In the case of commercial VSAT service providers, if information about the revenue earned or the number of VSATs installed is wrongly declared then the licence shall be terminated along with imposition of other penalty.
14. **WPC and Space Segment charges:-** As applicable from time to time.
15. **Standardisation of User – Network and Network Interfaces:-** The user – network and network interfaces should conform to standard interfaces such as X25, X75, TCP/IP or such international standards that will be specified from time to time by Telecom authority.
16. **Date of implementation:-** The licences will be granted prospectively from date of signing of the licence agreement. The existing VSAT licensees will have the

option to migrate to the new licence regime subject to fulfilment of certain conditions viz. clearance of all outstanding dues, withdrawal of litigations etc.

17. **Period of licence:-** The existing VSAT licensees who are willing to migrate to the new VSAT licence regime will be required to sign the Amendment but the period of licence will be 20 years from the date of the existing licence agreement.

18. **Financial Conditions:-**

(i) At the time of signing the licence agreement a Financial Bank Duarantee (FBG) for Rs. 30 lakhs (equivalent to entry fee), valid for six months is to be submitted. Thereafter, the VSAT licensee shall submit a Financial Bank Guarantee (FBG), valid for one year, for an amount equivalent to the highest estimated sum payable for two quarters towards licence fee. The amount of FBG shall be subject to periodical review by the Licensor.

(ii) The Commercial VSAT service licensee shall also maintain a Performance Bank Guarantee (PBG) of Rs. 50 lakhs valid for one year. The PBG will be encashed for violation of terms and conditions of the licence agreement.

(iii) The licensee shall, on its own, extend validity period of bank guarantees for similar terms at least one month prior to the date of its expiry without any demand or notice from the Licensor, on a year to year basis. Any failure to do so, shall amount to violation of the terms of the licence and entitle the Licensor to encash the Bank Guarantee and to convert into a cash security without any reference to the licensee at his risk and cost. No interest or compensation, whatsoever, shall be payable by the Licensor on such encashment.

19. **Submission of Application:-** Ten copies of the application in the prescribed format alongwith annexures may be submitted to ADG(SAT-V), 11th Floor, Sanchar Bhavan, Ashoka Road, New Delhi-110 001 alongwith **non-refundable processing fee of Rs 25,000/-**. The processing fee is payable by demand draft in favour “*Pay and Accounts Officer (Hqrs), Department of Telecom*” payable at

New Delhi. Applications without the processing fee will not be processed. The application form can be obtained from the office of ADG (SAT-V) or can be downloaded from DOT website 'www.dot.gov.in'

Definition of Revenue for commercial VSAT service providers

1. Revenue for the purpose of levying license fee as a percentage of revenue shall include the gross total revenue accruing to the licensee by way of providing VSAT service under this licence but excluding:-

- i) charges of pass through nature payable to other Telecom service provider to whose network, the licensee's network is interconnected for carriage of data.
- ii) Service tax paid to the Government, if gross revenue had included the component of service tax.

2. The Gross revenue shall include all revenues accruing to the licensee on account of goods supplied, service provided, leasing/hiring out of infrastructure, use of its resources by others, application fees, installation charges, call charges, late fees, sale proceeds of instruments (or any terminal equipment including accessories), income from value added services, supplementary services, access or interconnection charges, etc. and any other miscellaneous item including interest, dividend etc. without any set-off of related item of expense or any adjustment on account of changes in stock. The Gross Revenue shall also include deposits if credited to P&L Account, reversal of previous debits (e.g. bad debts recovered, write back of excess provision in earlier years) and of sales returns, which have been actually paid/adjusted in accounts.

(NOTE: The items listed here are only indicative and not exhaustive).

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.

TARIFF CEILING

Following are the approved tariffs ceiling:-

(a) Registration Fee : Rs. 10,000/- per VSAT.

Lease of VSAT

Annual lease charges including maintenance

- (i) For data service : Rs. 3.00 lakhs/ VSAT/ Year
- (ii) For data & occasional voice service in closed user group:
Rs. 3.50 lakhs/ VSAT/ year
- (iii) Cost of modules repaired/replaced will be charged extra.
- (iv) Minimum lease period : One year
- (b) Installation charges : Rs. 15,000/- per VSAT
- (c) Satellite Access charges: Rs. 10,000/- per month/VSAT
- (d) Occasional voice calls within closed user group:
Rs. 85/- per minute or part thereof
- (e) Volume charges: Rs. 50/- per kilo segment (1 kilo segment is equal to 64
kilobytes)
- (f) Minimum usage charges : Rs.5,000/- per VSAT/ month

The Telecommunication Tariff Order (TTO), 1999 of TRAI forbears from setting tariff for VSAT services. The tariff that may be fixed by TRAI will be binding on the licensees.

(Processing Fee for Application Form–Rs. 25,000/- only)

Government of India
Ministry of Communication
Department of Telecommunications
Sanchar Bhavan, 20 Ashoka Road, New Delhi –110 001.
(LR Cell)

APPLICATION FOR VSAT LICENCE
(Domestic Closed User Group VSAT licence using INSAT Satellite System)

(Please read the “Broad Guidelines for issue of licence for Commercial VSAT service providers and Captive VSAT service” carefully before filling up this form. The Application form should contain complete information on each and every point. Additional sheets may be added, if required. Incomplete application or application with conditional compliance shall be summarily rejected. Ten copies of the application alongwith annexures may be submitted to ADG(SAT-V), 11th Floor, Sanchar Bhavan, Ashoka Road, New Delhi-110 001)

1. Name of Applicant Company:
2. Application for the Service
(**Commercial/ Captive**) (Separate application is to be submitted for each service)
3. Complete postal address with telephone/Fax/E-mail
i) Corporate office
- ii) Registered office
4. Address for correspondence with Telephone/FAX No./e-mail
5. Name of authorized contact person, his designation and telephone/FAX Nos./e-mail
6. Certified copy of Certificate of Registration along with copy of Memorandum and Article of Association (Please enclose as **Annex I**)

7. (i) Details of equity holding of the applicant company are as follows :

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

(Total composite foreign holding (s), if any, up to the extent of 74%, **including NRI equity**, both repatriable and non-repatriable, is allowed. Complete break-up of 100% equity of Applicant Company and partner/promoter Indian Company must be given).

- (ii) Details of equity holding of the Promoter/Partner Indian Companies of the applicant Company are as follows:

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

8. Certified copy of Agreement between the Indian Company and Foreign Partner(s), if applicable.
(Please enclose as **Annexure –II**)
9. Certified copy of approval of Government of India for terms of Foreign collaboration or copy of application submitted to SIA/ Government in this regard with proof of submission.
(Please enclose as **Annexure –III**)
10. Latest Income Tax Clearance/Income Tax Return
(Enclose as **Annexure –IV**)

11. List of Telecom Service License(s) held by the company and its allied/sister concerns/partners/equity holders/promoters, if any, and their present status. (Attach separate sheet, if required)

12. Resolution of Board of Directors/ other proof that the person signing the application is authorised signatory. (Enclose as **Annexure –V**)

13. Demand draft towards payment of Processing Fee:

No. and date -----

Amount -----

Name of Bank on which drawn -----

(Enclose in a separate cover and attach to the application)
(Demand Draft for Rs 25,000/- to be made payable to “Pay and Accounts Officer(Headquarters), Dept. of Telecom.” at New Delhi)

13. The following documents should be enclosed with the Application:-

- (i) Brief write up of the proposed network & services along with schematic diagram.
- (ii) Link Engineering for all types of carriers in the enclosed standard format [Enclosure-‘A’] with approved satellite parameters.
- (iii) Carrier Power & Bandwidth summary showing total space segment & satellite power requirements.
- (iv) Clause-by-clause compliance to applicable TEC GR/IR [TEC IR No. IS/VST-08/02.DEC2003].
- (v) List of model & make of all the equipment proposed in the network along with their specifications / data sheets.
- (vi) Exact locations of Hub / central site and tentative locations of other earth stations / VSATs.

Certificates:-

1. I hereby certify that I have carefully read the Broad guidelines for issue of licence for Commercial VSAT Service Providers and Captive VSAT Service. I fully comply with the terms and conditions therein.
2. I understand that this application, if found incomplete in any respect and/or if found with conditional compliance or not accompanied with the processing fee shall be summarily rejected.
3. I understand that processing fee is non-refundable irrespective of whether or not the licence is granted to me.
4. I undertake to sign the Licence Agreement, within the prescribed time notified to me, failing which my application shall be rejected and processing fee forfeited.
5. I understand that all matters relating to the application will be subject to jurisdiction of the courts in Delhi/New Delhi only.
6. I certify that none of the companies mentioned in Item 11 of the application form are in default of the conditions of licence granted under Section 4 of Indian Telegraph Act, 1885.
7. I understand that if at any time any averments made or information furnished for obtaining the licence is found incorrect, my application shall be liable to be rejected and any licence granted on the basis of this application shall be liable for termination.

Date
Place

Signature and name of the
Authorised Signatory
(Company's Seal)

Enclosure A

		LINK BUDGET					
		Satellite:					
		Tx Site:					
		Rx Site:				Clear	With
Satellite Parameters		Units	Uplink Analysis		Sky	Rain	Units
1	Satellite Name		1	Tx EIRP of E/S			dBw
2	Orbital Location		2	Uplink Path Losses			dB
3	G/T	dB/°K	3	Power at Sat. Antenna			dBw
4	SFD	dBw/m2	4	Sat. Ant. Rx Gain/m2			dB/m2
5	Input BO	dB	5	PFD at Input of Sat Ant			dBw/m2
6	Output BO	dB	6	Input BO/Carrier			dB
7	Saturation EIRP	dBW	7	Sat. G/T			dB/°K
8	Transponder BW	MHz	8	Uplink C/No			dB-Hz
9	Uplink Frequency	MHz	9	Uplink C/N			dB
10	Downlink Frequency	MHz	10	Uplink PSD			dBw/Hz
11	IM Product	dB					
12	Sat. Tx Ant. Gain	dB	Downlink Analysis				
13	Sat. Ant. Rx Gain/m2	dB/m ²	1	Saturation EIRP			dBw
			2	Output BO			dB
			3	Output BO/Carrier			dB
	Link Parameters		4	Carrier Dn EIRP			dBw
1	Carrier Info. Rate	Kbps	5	Downlink Path Losses			dB
2	FEC		6	Cl. Sky G/T			dB/°K
3	Modulation		7	Degradation in G/T			dB
4	No. of bits per symbol		8	Dnlink C/No			dB-Hz
5	Transmission Rate	Kbps	9	Dnlink C/N			dB
6	Noise BW Factor		10	Dnlink PSD			dBw/Hz
7	Noise BW	KHz					
8	Eb/No required	dB					
9	Cl. Sky C/No Required	dB-Hz	Total Link Analysis				
10	Cl Sky C/N Required	dB	1	Uplink C/N			dB
11	Network Availability	%	2	Dnlink C/N			dB
12	Carrier spacing	KHz	3	IM Product			dB
	Tx Station Details		4	Composite C/N			dB
1	Tx Antenna Dia	m	5	Cl Sky C/N Required			dB
2	Tx Antenna Efficiency	%	6	Link Margin			dB
3	Tx Gain	dB					
4	Tx Antenna Pointing losses	dB	Tx E/S Power Amplifier sizing				
	Rx Station Details		1	Tx EIRP of E/S			dBw
1	Rx Antenna Dia	m	2	Tx Ant. Gain			dB
2	Rx Antenna Efficiency	%	3	Power at Tx Ant. Input			dB
3	Rx Antenna Pointing losses	dB	4	Tx Amplifier to Ant. Losses			dB
4	Pre LNA losses	dB	5	Power Amp Output/Carrier			Watts
5	LNA Noise Temp	°K	6	No. of Carrier			
6	Antenna Noise Temp	°K	7	Total Power Output			Watts
7	Cl. Sky Noise Temp	°K					
8	Cl. Sky G/T	dB/°K	% Transponder Utilisation				
	Misc. Losses		1	Power Wise			%
1	Uplink Rain Attenuation	dB	2	BW Wise			%
2	Dnlink Rain Attenuation	dB					
3	Uplink Free Space loss	dB					
4	Dnlink Free Space loss	dB					
5	Uplink Atm. Attn.	dB					
6	Dnlink Atm. Attn.	dB					