

D.O.No.4-27/CP/TRAI-2000  
October 18, 2000.

Dear Shri Ghosh,

Subject : TRAI recommendations for fresh licenses for VSAT Services.

This refers to the Department of Telecommunication's letter No.815-66/98-LR dated 21.5.1999 requesting the TRAI, for recommendations on (a) the appropriate level of entry fee; (b) the appropriate percentage of revenue share with the licensor; and;(c) other facets of license conditions.

Following DOT's request for recommendations, TRAI prepared a detailed paper for public consultation. Consultations have indicated that under the existing licensing regime, VSAT networks will not be able to achieve the kind of growth that they should, and their role in the development of communications in the country will remain quite limited. The licence conditions appeared to be far too restrictive and not conducive to stimulate the desired growth of the VSAT based CUG network. Most VSAT networks have so far failed to realize their full potential. We are therefore of the view that to improve the situation radical steps will have to be taken to enhance the utility of VSAT networks. This can be achieved by bringing the cost of services to the consumer down while enhancing the scope of the VSAT CUG service, by permitting higher speed bearer services.

In a country like ours where distances are large and some areas are inaccessible to terrestrial lines the role and importance of VSAT cannot be over emphasized. The urgent need to promote the growth of VSAT based CUG networks for corporate data communications has been our main objective in making the recommendations which are placed at Annexe 'A'. Essentially, our recommendations are for reducing entry and licence fees and to permit wide band data communications services on the CUG networks, so that their enhanced speeds permit multimedia applications such as video conferencing. TRAI is of the view that implementation of these recommendations is likely to give the much needed fillip to the growth of this versatile and highly effective means of corporate communication.

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We are also forwarding with this letter the discussion paper which was prepared for public consultation and a summary of responses/suggestions received by us in the course of our public consultation. These are placed at Annexes 'B' and 'C' respectively. Should the DOT need any details or further clarifications, TRAI will be happy to provide them.

The recommendations along with the text of this letter have been placed today on the TRAI's website for public information.

With kind regards,

Yours sincerely,

( M.S.Verma )

Shri Shyamal Ghosh,  
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