

Inmarsat's Reply to TRAI Consultation Paper on Methodology for levy of Spectrum Charges for provision of Satellite-based Services using Gateway installed in India under 'sui-generis' category

Introduction

Inmarsat wishes to thank TRAI for the opportunity to participate in this consultation on, "Methodology for levy of Spectrum Charges for provision of Satellite-based Services using Gateway installed in India under 'sui-generis' category".

Inmarsat fully recognises the key role voice and message communications via Global Satellite Phone play in India society supporting connectivity for Government agencies in critical circumstances and enabling communications in remote areas. The continuous addition of subscribers, the expansion to the public sector and the variety of future potential applications beneficial to the society, such use in moments of natural disasters, protecting fishermen in coastal areas, are clear evidence of this. As such, BSNL services, utilizing Inmarsat I-4F2 satellites and in the future I-6 satellites, provide an essential service to Indian authorities and the Indian population.

We also appreciate that TRAI's consultation paper explains the history and performance of the services and, in particular, the challenges that BSNL faces to scale the services to include more beneficiaries due to the current model of spectrum charges. While demand for the services keeps increasing, the ability of BSNL to provide more affordable services is drastically curtailed by the model of spectrum charges, which are disproportionately high.

Hence, Inmarsat welcomes the DoT initiative to ask TRAI for recommendations on BSNL request to change the spectrum charges to revenue sharing based on Adjusted Gross Revenues (AGR) and exemption of accounting of handset sales as part of the revenue base for those charges.

Responses to Questions

Q1. Do you agree that the formula based spectrum charges should be replaced with AGR based SUC in respect of provision of services by BSNL under its license for 'Provision and Operation of Satellite based services using Gateway installed in India' under 'sui-generis' category? If yes, what percentage of AGR should be the spectrum usage charges?

Inmarsat Reply: Various sectors of Indian society are remanding expansion of current services provided under 'sui generis' licenses. These sectors include, but are not exclusive to, Union,

States, and Panchayat administrations as well as working groups such as fishermen on the vast coasts of India. Nonetheless, the issue of availability and affordability are constrained by the disproportionately high costs of annual spectrum charges per subscriber terminal. Such high costs clearly position the service out of the market for the vast majority of the population. Further to this, subscriber terminal fees are paid in advance of service provisioning and therefore represent an unreasonable financial burden for BSNL.

As proposed by BSNL, the replacement of the current model of spectrum charges with one based on a percentage of AGR, would greatly support the expansion of the services. In fact, more affordable charges to end users would increase the scale of the services, better utilize the available satellite capacity and serve Indian authorities and population. In the end, it is clear that the currently spectrum charges are paid by subscribers, making it more expensive and drastically decreasing service penetration.

To increase the penetration of these services for commercial use and the smaller capacity/spectrum use of satellite phones, 0.5% of AGR is suggested.

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

Inmarsat Reply: Our response to Q1 is positive, so Q2 doesn't apply.

Q3. In your opinion, while determining the AGR for the purpose of levy of license fee and SUC, whether the cost of handsets (which is separately identifiable) should be allowed as deduction from the Gross revenue of BSNL's Satellite based services under 'sui-generis' category?

Inmarsat Reply: We believe that the cost of handsets should be deducted from BSNL's gross revenue. BSNL imports terminal devices on behalf of its customers given the particular characteristics of the satellite technology that enables the service. The device is sold by BSNL only to secure the provision of the services, its only core business. Other services that use similar terminals, such as terrestrial mobile services, do not include devices in their gross revenue, subject to the payment of license and spectrum fees.

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

Across multiple communications services, the DoT and TRAI have worked tirelessly over the last quarter of a century to eliminate impediments to take up of services. In this process, India was transformed.

India is currently underserved in satellite services for disaster response and communications at sea and remote areas. In the matter under discussion an essential service, which can't be replaced by any other type of technology, is constrained by the spectrum charges it is subjected to. The suggested changes in spectrum charges will ultimately and over a short period of time bring more payments to the government than the existing model, because a larger base of subscriber will

emerge. Most importantly, this will also bring the key benefit of better services to Indian authorities and population. Finally, the avoidance of terminal-by-terminal licensing for ubiquitous terminals deployed in large numbers is a very good practice adopted by the vast majority of Administrations.

To further bring benefit to Indian authorities and population, it is suggested that the barred regions, which were defined by DOT when there was no gateway in country, be immediately unbarred for these important services to maximize the advantage of this technology. States like Tamil Nadu are amending the Marine Fishing regulation act 2016 to make it mandatory to have surveillance and communication systems (please refer to <https://www.thehindu.com/news/cities/chennai/satellite-phones-soon-for-deep-sea-fishermen/article25354842.ece>).

Inmarsat Global Satellite Phone Service (GSPS) services are of global nature and, to take advantage of these services, roaming should be immediately allowed. The policy of re-registration by incoming international customers from MHA, despite an in country gateway, discourages them to use these critical services. In this process BSNL & DoT loose revenues despite having necessary lawful interception facilities available with all the LEA's. We strongly believe that with an in country gateway and lawful interception facilities available with all the LEA's, it's important that these barriers are removed to fully utilize the potential of these mission critical services.