"Digital India is a big opportunity"

Interview with HCIL's Shivaji Chatterjee

The very small aperture terminal (VSAT) market in India is poised for significant expansion, with remote connectivity, mobility and in-flight connectivity driving the future prospects. Hughes Communications India Limited (HCIL), the market leader in the country's VSAT space, is riding high on these prospects, and actively supporting Digital India and BharatNet. Shivaji Chatterjee, senior vice-president, Enterprise Business, HCIL, talks about the key trends in the VSAT space, the company's performance highlights and plans for the future...

What are the key trends in the VSAT market?

All major mobile operators today are using VSAT backhauling for mobile services to reach users in the remotest corners. Gradually, this trend will expand to data backhauling for Wi-Fi.

Digital India is a big opportunity as the government is increasingly focusing on automation and digitalisation. For instance, VSAT communications played a key role in opening 250 million bank accounts in the remotest corners under the Jan Dhan Yojana. Similarly, satellite technology will be a key vehicle for distributing the new health insurance scheme, Ayushman Bharat, across rural India.

What are the key projects that HCIL is working on currently?

We have signed an order with Reliance Jio Infocomm Limited for connecting 400 locations for 4G/LTE backhauling over satellite. We are involved in satcom deployment for the Indian Army and Navy under the government's Network for Spectrum project. Further, under BharatNet, the government plans to provide connectivity through satellites in a few thousand gram panchayats. The first 1,500 sites are currently being implemented by BSNL using HCIL's JUPITER technology. The next 5,000 sites have been awarded to TCIL, which has again chosen us as a turnkey supplier and integrator for setting up the hubs and remotes. This is an opportunity worth close to Rs 1 billion across both projects.

Gas station automation is a big focus area for us. The petroleum ministry has decided to automate all its gas stations and the move has created a demand for reliable connectivity that VSATs can best meet. In the last one year, we have bagged orders for around 20,000 sites from BPCL (5,000), IOCL (10,100) and HPCL (4,600). We set up a greenfield facility at Manesar last year, in addition to our existing satellite hubs in Hyderabad and Gurugram.

What are your views regarding the scope of in-flight connectivity in India?

The scope is obviously good as there is a generic need to stay connected all the time and there are several low-bandwidth services such as news, messaging and email that people would still want to access when airborne. The big factor in the Indian context is how to establish a business model around it. Currently, all the airlines in the country are going through a rough time, owing to high crude oil prices, appreciating dollar, etc. Even if the regulation on in-flight connectivity is out by next month as is anticipated, we may not see as fast an adoption from the domestic airlines in India. We would first see adoption and provision of such services by international airlines whilst flying over and into the country.

What are your views on the policy and regulatory environment for the provisioning of VSAT services in India?

In developed countries like the US, the UK and Canada, consumers can afford to buy a satellite dish on their own, when they do not get broadband from DSL or cable connection. Hughes has over 1 million satellite connections in the US alone, which are directly installed on consumer rooftops. It is very difficult to imagine this in India from an affordability perspective. Also, the primary data consumption in India is over the mobile phone and not home broadband. We see a huge demand for satellite-based backhauling of 3G/4G and over Wi-Fi. However, the provisioning of satellite-based backhaul services comes under a very complicated and expensive regulatory regime, which needs to be simplified. The draft National Digital Communication Policy lists out broad pointers on how the satellite sector can be eased up, and this is very encouraging for us.

Do you have a regulatory wishlist?

Today, India is still behind the world in getting access to the best bandwidth capacity, namely through high throughput satellites. The Department of Space has more or less completely clamped down on allowing foreign satellites and technologies to come into the country, and India's own initiatives to manufacture these or match up to such high throughput and cost-effective capacities has been quite slow. We feel this is one area that needs to be immediatley liberated.

What are HCIL's growth targets?

The year 2018 will turn out to be one of the best years for us as we are registering a high demand from different segments. We are witnessing significant traction across banking, oil and gas, the government through Digital India, telecom and defence sectors.

Also, we have plans other than just satellite communication. We also run 3G/4G manage services on an enterprise model in partnership with Vodafone, Bharti Airtel, BSNL and Idea Cellular, which has been very successful with over 10,000 sites ordered. ▲