

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

UNSTARRED QUESTION NO:3159  
ANSWERED ON:12.03.2003  
REDUCTION IN CUSTOM DUTY  
VILAS BABURAO MUTTEMWAR

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

- (a) whether the Telecom Equipment Manufacturers Association(TEMA) have urged the Government to reduce the custom duty on the import of finished equipment;
- (b) if so, the present rate of custom duty levied on the import of the telecom equipment and the reduction in duty sought by the TEMA;
- (c) whether the National Telecom Policy 1999 envisaged that encouragement and incentives be provided to domestic equipment manufacturing industry;
- (d) if so, whether this policy has not been implemented by the Government so far; and
- (e) if so, the reasons therefor and the steps being taken by the Government to meet the demands of the TEMA?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY(SHRIMATI S MAHAJAN)

(a) No, Sir.

(b) Does not arise in view of (a) above.

(c) Yes, Sir.

(d)&(e): The Government has given a number of incentives to promote domestic equipment manufacturing industry. Some of the incentives are:

i) Manufacturing sector has been delicensed and 100% FDI is allowed under automatic route through Reserve Bank of India (RBI). A technical know-how fee of US\$ 2 million and royalty @ 5% for the domestic sales and @ 8% for the export are also allowed under automatic route.

ii) The Telecom Service Operators have been allowed to issue Form `C` under Central Sales Tax Act 1956 enabling telecom equipment manufacturing industry to avail concessional Sales tax benefits.

iii) Electronics Hardware Technology Park Scheme has been modified to boost indigenous telecom manufacturing industry.