

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

UNSTARRED QUESTION NO:2632

ANSWERED ON:17.08.2011

CHINESE INVESTMENT IN TELECOM SECTOR

Basheer Shri E. T. Muhammed;Reddy Shri K. Jayasurya Prakash

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

- (a) whether Chinese Companies have expressed interest in making investment in telecom and electronic Sectors in India;
- (b) if so, the details of such companies alongwith the areas of investments;
- (c) whether some Indian telecom companies are procuring telecom equipments/gadgets from China by borrowing from Chinese banks and some others are undertaking telecom projects with Chinese companies;
- (d) if so, the details thereof, company-wise;
- (e) whether the Government has assessed the security implications of such moves; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a) Yes, Madam.

(b) The details of such companies are as per Annexure-I.

(c)&(d) The import of telecom equipment is governed by Foreign Trade Policy of the Government along with telecom licence conditions. The licenced Telecom Service Providers are free to purchase equipments/ softwares for building their network according to their commercial and technical requirements from vendors of various countries including China. Recently telecom service provider companies namely M/s. Reliance Communications Ltd. and M/s Reliance Telecom Ltd. have informed that they have taken loans from Chinese banks.

(e) & (f) Due to security related issues, amendments to various telecom licences have been issued in May/June 2011, the salient features of which are as under: The salient points of Amendments dated 31-05-2011 to various telecom service License Agreement on security related concerns for expansion of Telecom Services in various zones of the country.

(i) The Licensee shall be completely and totally responsible for security of their networks. They shall have organizational policy on security and security management of their networks.

(ii) The Licensees shall audit their network or get the network audited from security point of view once a year from a network audit and certification agency.

(iii) The licensee shall induct only those network elements into his telecom network, which have been got tested as per relevant contemporary Indian or International Security Standards. From 1st April 2013 the certification shall be got done only from authorized and certified agencies/labs in India.

(iv) The licensee shall employ only Resident, trained Indian Nationals on key positions.

(v) The Licensee shall

a. keep a record of operation and maintenance procedure in the form of a manual.

b. Keep a record of all the software updations and changes.

c. Keep a record of supply chain of the products (hardware/software).

d. Comply with the conditions of Remote Access (RA).

(vi) The licensee through suitable agreement clauses with vendor shall ensure that the Vendor/Supplier allow the Telecom Service Provider, Licensor/DoT and/or its designated agencies to inspect the hardware, software, design, development, manufacturing facility and supply chain and subject all software to a security/threat check any time during the supplies of equipment. The number of such visits will be limited to two in a Purchase Order. The expenditure for such visits for order valuing more than Rs 50 crore upto 40 man-days per visit shall be borne by the licensee directly or through vendor.

(vii) A penalty upto Rs 50 crores will be levied for any security breach.

(viii) The Licensee shall provide location details of mobile customers in the License service area.