

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

UNSTARRED QUESTION NO:2263

ANSWERED ON:07.12.2011

IMPORT OF TELECOM EQUIPMENTS

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

- (a) whether India is dependent on import to meet its demands for telecom equipments;
- (b) if so, the comparative details of indigenous production and import of equipments during the last three years and the current year;
- (c) the details of guidelines/norms issued by the Government for import of telecom equipments;
- (d) whether these norms/guidelines need to be reviewed and reframed in the fast changing scenario;
- (e) if so, the details thereof and the action taken thereon; and
- (f) the action plan prepared by the Government to produce the entire need of telecom equipment domestically?

Answer

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

(a)&(b) The comparative details of Indigenous production and Import of equipments during the last three years is as under:

S.No.	Year	Indigenous Production @ (in Rs.Crores)	Import # (in Rs. Crores)
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1	2008-09	48800	46103
2	2009-10	51000	42070
3	2010-11	53275	53102
	(Estimate)		

Source: DGCI&S [Directorate General of Commercial Intelligence and Statistics] (This includes customer premises equipment like fixed phones, mobile phones, parts of telecom equipment and telecom cables also.)

Source: TEMA [Telecom Equipment Manufacturers Associations] (This includes production of passive equipment like power plant, batteries, MDF etc. also)

(c)to(e) The import of telecom equipment is governed by Foreign Trade Policy of the Government along with telecom license conditions. To take care of national security concerns related to telecom network, Government has issued the amendment to various telecom licenses (i.e. Access Services, National Long Distance and International Long Distance Services licenses on 31.05.2011 and Internet Service Providers & VSAT service providers on 03.06.2011) in consultation with Ministry of Home Affairs and telecom industry, the salient features of which are as under:

(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.

(f) Provisions in this regard in the Draft National Telecom Policy 2011, which was released on 10th October 2011 for public consultation, include:

i) Promote indigenous R&D, innovation and manufacturing that serve domestic and foreign markets by addressing market distortions, enhancing market accessibility, making available factors of production, increasing skills and competency in telecom and providing incentives wherever necessary.

ii) Create corpus to promote indigenous R&D, IPR creation, entrepreneurship, manufacturing, commercialising and deployment of state-of-the-art telecom products and services during the 12th five year plan period.

iii) Promote the domestic production of telecommunication equipment to meet 80% Indian telecom sector demand through domestic manufacturing with a value addition of 65% by the year 2020.

iv) Provide preferential market access for domestically manufactured telecommunication products including mobile devices, SIM cards with enhanced features etc. with special emphasis on Indian products for which IPRs reside in India to address strategic and security concerns of the Government, consistent with international commitments.

v) Develop national standards and contribute to and participate in evolving international standards. This will be supported by establishing appropriate linkages with industry, R&D institutions and academia.

vi) To ensure focused indigenous development in the telecom sector, efforts would be concentrated towards a definite policy direction by creating a suitable road-map to align technology, demand, standards and regulations, after considered evaluation of candidate technologies and the emerging trends.

vii) To promote synergy of academia, R&D centres, manufacturers, service providers, and other stakeholders for achieving collaboration and reorientation of their efforts for creation of IPRs, development and deployment of new products and services suited to Indian environment.

viii) To harness India's entrepreneurial energy and intellectual capital for the cause of R&D and manufacturing.

ix) To encourage the young entrepreneurs by making available needed funding (pre-venture and venture capital), management and mentoring support.

x) To assist entrepreneurs to develop and commercialize Indian products.

xi) To strengthen the links in the complete value chain from basic research to IPR generation, product design and development, product commercialization, and simultaneously achieving economies of scale, thereby enabling the product to compete internationally.

xii) To promote setting up of Telecommunications Standard Development Organisation (TSDO) as an autonomous body with strong participation of the industry, R&D centres, service providers, and academia to drive consensus regarding national requirements.

xiii) To incentivize telecom service providers to use indigenous products.

xiv) To support Electronic Design and Manufacturing Clusters for design, development and manufacture of telecommunication equipment.

xv) To mandate testing and certification of all telecom products for conformance, performance, interoperability, health, safety, security, EMF/EMV/EMC, etc. to ensure safe-to-connect and seamless functioning in the existing and future networks.

xvi) To create suitable testing infrastructure not only for carrying out conformance testing and certification, but also to aid in development of new products and services.

xvii) To actively incentivize export of telecom equipment and services. Synergies among the various telecom players (manufacturers and service providers) would be leveraged to provide integrated communication solutions for exports.

xviii) To facilitate soft credit to the Indian product manufacturers for domestic deployment and exports.