

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

UNSTARRED QUESTION NO:4371

ANSWERED ON:21.12.2011

MANUFACTURING AND SALE OF MOBILE HANDSETS

Dhruvanarayana Shri R. ;Raghavan Shri M. K.

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

- (a) whether the demand for mobile handsets has increased manifold recently;
- (b) if so, the details thereof alongwith the mobile handsets sold in the country during the last three years and the current year;
- (c) whether a major part of the demand is being met through imports;
- (d) if so, the steps taken/proposed to be taken to enhance indigenous manufacturing of mobile handsets and mobile equipments; and
- (e) the proposal of MTNL/BSNL to meet the market demand in providing facilities under the 3G and BWA/TD-LET in the country?

Answer

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

(a) to (c) The mobile handsets manufactured, exported, imported and as well as the demand within the country during the last three years and the current year are as follows:

Calendar Year	No. of Mobile Handsets manufactured in the country (in Lakhs)#	No. of mobile phones in the country exported# (in Lakhs)	No. of mobile phones imported# (in Lakhs)	Total Demand
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2008	1200	550	550	1200
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2009	1350	680	700	1370
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2010	1400	800	1100	1700
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Financial year 2011-12 (estimate)	1700	900	1150	1950
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Source: ICA [Indian Cellular Association]

(d) The following steps have been taken by the Government to promote manufacturing of mobile handsets and mobile equipments:-

i) The Government has created investor friendly environment for the manufacture of indigenous telecom equipment including mobile phones. 100% foreign direct investment (FDI) is allowed under automatic route.

ii) No Industrial license is required for the manufacture of mobile handsets and mobile equipment. The entrepreneur has to only file Industrial Entrepreneur Memorandum (IEM) with Secretariat for Industrial Assistance (SIA).

iii) Payment of any technical know-how fee and royalty for technology transfer is under automatic route.

iv) Mobile handsets; parts, components and accessories for the manufacture of mobile handsets; sub-parts for the manufacture of such parts and components; and parts or components for the manufacture of battery chargers, PC connectivity cables and hands-free headphones of such mobile handsets and sub-parts for the manufacture of such parts and components are exempted from basic customs duty and excise duty. They have also been exempted from Special Additional Duty of Customs (SAD) upto 31.3.2012.

v) Special Economic Zones (SEZs) have been promoted to enable hassle free manufacturing and trading for export purposes wherein all import and export is duty free.

vi) Weighted deduction of 200% of expenditure incurred on in-house R&D in case of a company engaged in the business of electronic equipment, computers and telecommunication equipment is available under clause (1) of sub-section (2AB) of Section 35 of the Income Tax Act.

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

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.

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.

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.

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

(e) MTNL mobile service is available on demand and all mobile (GSM) subscribers are being provided 3G enabled services.

To meet the market demand, BSNL is already providing the following services to its 3G subscribers:-

i) Contents of BSNL Live Wireless Application Protocol (WAP) Portal, Video on Demand, Movies, Full Track song download, Games, Comics etc.

ii) BSNL APPS (Applications) Store-various applications access Different categories such as Entertainment, Games, Social Networking, Cricket, Utilities etc.

iii) IVVR (Interactive Video & Voice Responses)-TV Channel VOD (Video on Demand), Kids stuff, Comics etc., Video SMS/ Chat.

iv) Mobile TV-Streaming of Mobile Channel on Handsets, TV Clips download,

v) BSNL intends to target more and more subscribers to use the services and experience the power of 3G. In addition, BSNL is also planning to launch Hello TV for PC and Data Card users, Mobile Advertisement Services,

vi) Wi-Max- BSNL has been deploying Wi-Max equipment in rural area of the country (in all telecom Circles except Andaman & Nicobar circle) using BWA spectrum to provide wireless broadband services.