

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

STARRED QUESTION NO:212
ANSWERED ON:28.03.2012
IMPORT OF TELECOM EQUIPMENT
Kumar Shri P.;Roy Shri Arjun

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

- (a) whether the Government has initiated any plan to give impetus to research and development and indigenous manufacture of telecom equipment including mobile handsets particularly in view of the rise in demand;
- (b) if so, the details thereof and the steps taken by the Government in this regard;
- (c) whether the large scale import of these equipment has had any effect on the strategic and security interests of the country; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF HUMAN RESOURCE DEVELOPMENT AND COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI KAPIL SIBAL)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 212 FOR 28 MARCH, 2012 REGARDING 'IMPORT OF TELECOM EQUIPMENT'

(a) Yes, Madam.

(b) (A) With a view to giving impetus to Research & Development, Standardization, development of ecosystem for Electronic Systems Design and Manufacturing with increased value addition of electronics products including telecom equipment and mobile phones in the country, Ministry of Communications and Information Technology has already put in public domain draft National Policy on Electronics 2011 [http://mit.gov.in/sites/uploadfiles/dit/t1ies/Draft- NationalPolicyonElectronics2011_4102011\(2\).pdf](http://mit.gov.in/sites/uploadfiles/dit/t1ies/Draft-NationalPolicyonElectronics2011_4102011(2).pdf) and draft National Telecom Policy 2011 <http://www.dot.gov.in/NTP-2011/final-10.10.2011.pdf>. The revised draft National Telecom Policy has, inter-alia, following objectives to promote R&D, Manufacturing and Standardization in the country:-

- i) Promote innovation, indigenous R&D and manufacturing to serve domestic and global markets, by increasing skills and competencies.
- ii) Create a corpus to promote indigenous R&D, IPR creation, entrepreneurship, manufacturing, commercialisation and deployment of State-of-the-Art telecom products and services during the 12th Five Year Plan period.
- iii) Promote the ecosystem for design, Research and Development, IPR creation, testing, standardization and manufacturing i.e. complete value chain for domestic production of telecommunication equipment to meet Indian telecom sector demand to the extent of 60% and 80% with a minimum value addition of 45% and 65% by the year 2017 and 2020 respectively.
- iv) Provide preference to domestically manufactured telecommunication products, in procurement of those telecommunication products which have security implications for the country and in Government procurement for its own use, consistent with our World Trade Organization (WTO) commitments.
- v) Develop and establish standards to meet national requirements, generate IPRs, and participate in international standardization bodies to contribute in formulation of global standards, thereby making India a leading nation in the area of international telecom standardization. This will be supported by establishing appropriate linkages with industry, R&D institutions, academia, telecom service providers and users.
- vi) Put in place appropriate fiscal and financial incentives required for indigenous manufacturers of telecom products and R&D institutions.

(B) For the promotion of Research & Development, a 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 the Income Tax Act.

(C) The Department of Information Technology provides funding under several schemes for promotion of R&D, including Support for International Patents in Electronics & IT (SIP-E1T); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.

(D) With a view to promoting mobile phones manufacturing in the country, full duty exemption has been put in place for parts, components and specified accessories viz. battery chargers, PC Connectivity Cables, Memory cards and hands-free headphones required for the manufacture of mobile phones.

(E) With a view to giving impetus to indigenous manufacturing of telecom equipment including mobile handsets, the Government, vide Notification No. 8(78)/2010-IPHW dated 10th February 2012, has laid down the policy for providing preference to domestically manufactured electronic products in procurement of those electronic products (including telecom equipment) which have security implications for the country and in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(c) & (d) Due to security related issues, licence amendments to various telecom licences have been issued in May/June 2011. The salient points of Amendments dated 31-05-2011 to various telecom services License Agreement on security related concerns for expansion of Telecom Services in various zones of the country 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 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.