

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

UNSTARRED QUESTION NO:6465
ANSWERED ON:16.05.2012
INDIGENOUS MANUFACTURING OF EQUIPMENT
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether with a view to give impetus to indigenous manufacturing of electronic and telecom equipment, the Government has made or proposes to make it mandatory for the Service providers as Council Members to place pilot orders and utilize the indigenous products;
- (b) if so, the details thereof and the reaction of the service providers thereto;
- (c) whether the Government has any commitment under WTO agreement on electronic procurement and domestic manufacturing;
- (d) if so, the details thereof;
- (e) whether electronic procurement policy is against WTO guidelines; and
- (f) if so, the details thereof and the extent to which the new electronic procurement and manufacturing policy likely to fulfil the WTO commitments?

Answer

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

(a) & (b) The draft National Telecom Policy (NTP) 2011 was placed in the public domain for wider public consultation on 10.10.2011 which contains under objectives, inter-alia, following provisions:

(i) '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.

(ii) 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.'

Further, the draft NTP 2011 contains under strategies, inter-alia, following provisions:

'To incentivise telecom service providers to use indigenous products by encouraging:

- (i) Commitment to purchase Indigenous products that are comparable in price and performance to imported products.
- (ii) Commitment to participate in trials of newly created Indian products, nurture them and place pilot orders.
- (iii) Funding R&D and support Indian IPR creation and participate in creation of standards.

Inputs have been received from various stakeholders on draft NTP 2011 including service providers. The final decision regarding NTP has not yet been taken.

(c)&(d) Article III of GATT 1994 related to National Treatment puts restriction to the World Trade Organisation (WTO) signatory countries on use of any internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions which discriminate between the imported or domestic products so as to afford protection to domestic production. It is subject to exemptions allowed under the WTO on grounds specified therein, say on grounds to protect public morals, to protect human, animal or plant life or health or on grounds of national security etc.

In addition, specific provisions of the agreements under the WTO, namely Article III:8(a) of General Agreement on Tariffs and Trade, 1994 and Article XIII: 1 of General Agreement on Trade in Services, allow exemption from the WTO obligations on application of domestic laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to use in the production of goods for commercial use. This provision is factored in by the

Government in the policy formulated from time to time.

(e)&(f) i. The Government has notified the policy for providing preference to domestically manufactured electronic products in procurement due to security considerations and in Government procurement vide Notification No: 8(78)/2010-IPHW dated 10.2.2012.

ii. The Preferential Access Market (PMA) Policy does not per se mandate preference to any electronic product. It only provides an enabling framework. The Policy is consistent with India's WTO commitments.