

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

STARRED QUESTION NO:566  
ANSWERED ON:16.05.2012  
FOREIGN VENDORS IN TELECOM SECTOR  
Adhalrao Patil Shri Shivaji;Yadav Shri Dharmendra

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

- (a) the extent of participation of foreign vendors in the supply of telecom equipment;
- (b) whether the Government has allowed foreign vendors including Chinese vendors to supply equipment by inviting fresh bids for millions of GSM lines and if so, the details thereof;
- (c) whether the credibility of Chinese goods on both quality and security counts is acceptable and if so, the details thereof;
- (d) whether the Government had earlier imposed ban on buying equipment from Chinese vendors and if so, the reasons therefor; and
- (e) the efforts made to increase indigenous content in the telecom sector?

**Answer**

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

(a) to (e) 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 (e) OF LOK SABHA STARRED QUESTION NO. 566 FOR 16TH MAY, 2012 REGARDING "FOREIGN VENDORS IN TELECOM SECTOR"

- (a) Madam, according to TRAI recommendation on "Telecom Equipment Manufacturing Policy" dated 12th April 2011, the contribution of all domestic products has been 12-13% in the year 2009-10. Rest of the telecom equipments were of foreign origin.
- (b) The licensed Telecom Service providers are free to purchase telecom equipments for building their network according to their commercial and technical requirements from vendors of various countries including China, subject to complying with various license terms and conditions including security related terms & conditions.
- (c) As per the license agreement, the Telecom Service Providers have to comply with the Quality of Service (QoS) parameters mandated by Telecom Regulatory Authority of India (TRAI), which can be met only by deploying the standard quality equipment in the network. To address the security concerns, Government issued the amendment to various telecom licenses in May/June 2011 wherein along with other security requirements, it is mandated that Licensee shall induct only those network elements into his network, which have been got tested as per relevant contemporary Indian or International Security standards by any International Agency/Laboratory of the respective standards upto 31st March' 2013, and from 1st April' 2013 the security certification of telecom equipment shall be got done only from authorized and certified agencies/labs in India.
- (d) Prior to the incorporation of the above license amendments related to security concerns being made applicable to all service providers, in May, 2009, the Government had directed Bharat Sanchar Nigam Limited (BSNL) not to procure any telecom equipment from the Chinese vendors for deployment in the sensitive/border regions of the country due to security concerns at that time. BSNL being a Public Sector Undertaking was directed to do so because its network has special relevance in times of emergency.
- (e) To increase indigenous content in the telecom sector, following steps have been taken:
- (i) 100% FDI is permitted under automatic route for telecom equipment manufacturing.
  - (ii) No Industrial license is required for the manufacture of telecom equipment. Simple Industrial Entrepreneur Memorandum (IEM) has to be filed with Secretariat for Industrial Assistance (SIA).
  - (iii) Payment of any technical know-how fee and royalty for technology transfer is under automatic route.
  - (iv) With a view to increase share of domestically manufactured Electronic products which includes telecom equipment also, 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 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.

Based on the above notification, each Ministry/Department has to issue notification for providing preference to domestically manufactured electronic product or products, either for reasons of security or for Government procurement. The notification would specify the percentage of procurement to be made from domestically manufactured electronic product or products, but it shall not be less than 30% of the total procurement value of that electronic product or products. Further each Ministry/Department would also specify the domestic value addition requirement which the electronic product should satisfy for the product to qualify as domestically manufactured electronic product.

Since the telecom equipments are security sensitive, Department of Telecommunications has constituted a Committee under the Chairmanship of Member (Technology) to recommend telecom product or products having security implications for the country and other actions to be taken by this department for the implementation of various provisions mentioned in the notification.