

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

UNSTARRED QUESTION NO:4073

ANSWERED ON:17.12.2014

TELECOM AND ELECTRONIC GOODS

Chavan Shri Ashok Shankarrao; George Shri (Adv.) Joice; Gupta Shri Sudheer; Jayavardhan Dr. Jayakumar; Kirtikar Shri Gajanan Chandrakant; Patil Shri Sanjay (Kaka) Ramchandra; Singh Shri Kunwar Haribansh

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

- (a) whether the country is dependent on import of telecom goods to meet local demand and the security agencies have raised security and safety concerns on imported goods;
- (b) if so, the details thereof and the measures taken by the Government in this regard along with the action taken by the Government to promote indigenous manufacturing of telecom equipments in the country;
- (c) whether the demand for set top boxes are mostly met through import;
- (d) if so, the details thereof and the action taken by the Government for manufacturing of set top boxes domestically; and
- (e) whether the Indian Telecom Industries (ITI) is planning manufacturing of these boxes and if so, the details thereof and the action taken in this regard?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD)

(a) & (b) Yes Madam. Details of balance of trade in telecom products for the last three years is at Appendix-I. The Telecom Service Providers (TSPs) are free to import Telecom equipment for their network based on their techno-commercial considerations.

To address the national security concerns related to security of telecom networks, Government issued comprehensive security guidelines in the form of license amendment dated 31.05.2011 for Access services licensees and on 03.06.2011 for other licensees. Subsequently, these guidelines have also been included in the Unified License.

The Government has taken the following initiatives to encourage manufacturing of telecom equipments within the country:

Foreign direct investment up-to 100% is allowed in manufacturing of telecom products under the automatic route.

The Government has imposed basic custom duty at 10% on specified telecommunication products that are outside the purview of the information technology agreement and has also imposed education cess on imported electronic products to provide parity between domestically produced goods and imported goods.

The policy for providing preference to domestic manufacturers for 23 notified telecom products in Government procurement has already been implemented.

Further, Telecommunications Standards Development Society, India (TSDSI)- an industry led autonomous "not for profit" Standards Development Organization (SDO) for Telecom products and services has been set up for the development of standards for telecom especially suited to Indian environment and incorporation of the same in the International standards. This SDO for telecom will help Indian companies to develop standards for telecom products and services to meet Indian specific environment, which is expected to promote indigenous R&D and manufacturing.

Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units and Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the manufacturing of electronics products (including telecom).

Government has approved setting up of two semiconductor wafer fabrication (FAB) manufacturing facilities in India which would create the necessary ecosystem for design and manufacturing of telecom equipments.

Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.

Under the Focus Product Scheme of the Foreign Trade Policy, exports of listed electronic products are entitled to duty credit scrip

equivalent to 2% / 5% of FOB value of exports. These include telecom products and components including mobile handset.

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

The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme. This support is also available for telecom sector.

(c) & (d) Yes Madam. The Government has included Set Top Boxes in the definition of goods for use in the "Telecommunications Network" under Central Sales Tax Act, 1956 thus extending the facility of form 'C' to Set Top Boxes. Consequently, the locally manufactured set top boxes are now at par in price with the imported set top boxes. This has created a huge opportunity for the indigenous set top boxes manufacturers. In order to give fillip to the local set top box industry, Government also raised import duty on imported set top boxes to 10%.

(e) M/s ITI Ltd has plans to manufacture set top boxes and is in search of a suitable technology partner for the same. Subject to techno commercial suitability, these boxes will be taken up for manufacturing by ITI.