GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:294
ANSWERED ON:22.07.2015
Telecom Equipment Sourcing
Adsul Shri Anandrao ;Gavit Dr. Heena Vijaykumar;Mahadik Shri Dhananjay Bhimrao;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;Satav Shri Rajeev Shankarrao;Shrirang Shri Chandu Barne;Sule Smt. Supriya Sadanand;Yadav Shri Dharmendra

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

(a) whether India imported telecom equipments worth nearly Rs. 70,000 crore in 2013-14 of which a little over 60% came from China and the unfettered supplies of telecom equipment from foreign vendors are making the system susceptible to spyware and malware;

(b) if so, the details thereof and whether India does not have concrete standards, procedure and tools for testing telecom equipments;

(c) if so, the details thereof and the reasons therefor;

(d) whether Government is looking at major overhaul of telecom equipment sourcing and testing in India; and

(e) if so, the details thereof and the steps taken/being taken by the Government to put in place a effective system of testing telecom equipments and to promote manufacturing to save foreign exchange as well as to generate employment?

Answer

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

(a) to (e) India imported Rs. 69516 crores of telecom equipments during 2013-2014, of which import from China constituted about 63%. The modern age telecom equipments are prone to spyware/malwares etc. These Trojans, spyware /malware etc. are the potential threats, if embedded in any of the telecom network elements by vendor or any other third party source, which may damage the concerned network element causing disruption in services, infecting other network elements or leakage of information to unintended user.
The licensed Telecom Service providers are free to purchase telecom equipments for building their network from vendors of various countries based on their techno-commercial considerations subject to complying with various license terms and conditions including security related terms & conditions. The standards developed and adopted by International Telecom Union (ITU), 3rd Generation Partnership Project (3GPP) and 3rd Generation Partnership Project-2 (3GPP2) are generally used globally by various telecom equipment manufacturers/ vendors. Generic Requirements / Interface Requirements for various network elements used in telecommunications are being issued by the Telecom Engineering Centre (TEC) based on International Standards, global best practices and keeping Indian requirements in view.
Moreover, in order to address the security concerns of the nation related to telecom and telecom networks, the Government has issued the amendment to various telecom licenses (i.e. Access Services, National Long Distance and International Long distance Services licenses on 31.05.2011 and Internet Service Providers & VSAT (Very Small Aperture Terminal) service providers on 03.06.2011) in consultation with Ministry of Home affairs and telecom Industry, wherein it is inter-alia 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. Subsequently these security guidelines have been included as an integral part of Unified License (UL).
A pilot lab has already been established at Indian Institute of Science (IISc), Bengaluru to develop security standards, test processes and test tools for telecom equipment testing and security certification. It was envisaged to upscale this lab to full-fledged lab. However, the developments of systems, processes, security standards, test procedures, test tools, etc., for telecom network elements which are large in numbers, is time taking exercise. Also understanding security standards, protocols, etc., is a complex and voluminous task. Further, there are no readily available standards and processes for security testing of telecom equipment as the issue of establishing security standards for telecom equipment has been realized only recently by international standard making bodies like 3GPP.
The Government has decided to set up Telecom Testing and Security Certification Centre to develop systems, processes, adopt/develop security standards, test tools, etc., for telecom equipment security testing and certification. Based on these standards, processes and tools, the Centre can accredit the test labs for security testing and certification of telecom equipment used by various Telecom service Providers. Such test labs can be set up /established under private or public or joint venture entity.
The Government has taken the following steps to promote domestic manufacturing of telecom equipment:
i. Foreign direct investment up-to 100% is allowed in manufacturing of telecom products under the automatic route.
ii. 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.
iii. The policy for providing preference to domestic manufacturers for 23 notified telecom products in Government procurement has already been implemented.
iv. 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 will help Indian companies to

develop standards for telecom products and services for Indian specific environment, which is expected to promote indigenous R&D and manufacturing.

v. 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.

vi. 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.

vii. 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.

viii. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units.

ix. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the manufacturing of electronics products (including telecom). The scheme is available for both new projects and expansion projects. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. It also provides for reimbursement of CVD/Excise for capital equipment for the non-SEZ units. For high technology and high capital investment units, like fabs, reimbursement of central taxes and duties is also provided

x. Apart from the above mentioned recommendations, the Cabinet has also approved the Electronics Development Fund (EDF) Policy in Dec' 2014. The EDF policy will be a "Fund of Funds" to support Daughter funds including Early Stage Angel Funds and Venture Funds in the area of Electronics System Design and Manufacturing, nano-electronics and IT, including telecommunications too. The supported daughter funds will promote innovation, product development, R&D and IP generation in the above mentioned fields.

****