BIF counter comments on TRAI CP on "Ease of Doing Business in Telecom & Broadcasting sector"

At the outset, we wish to thank the Authority for giving us an opportunity to submit our Counter-Comments to the aforesaid CP. In the submitted responses below to certain important questions pertaining solely to the Ease of Doing Business in Telecom, we have reemphasised and clarified some of our positions and responses made in the earlier submission as well as provided additional responses to some of the questions which we felt would need to be taken into account while finalising the Recommendations.

Q3: **Whether the present system of licenses/clearances/certificates mentioned in para no. 3.94 or any other permissions granted by WPC requires improvement in any respect from the point of view of Ease of Doing Business (EoDB)? If yes, what steps are required to be taken in terms of:**
a. Simple, online and well-defined processes
b. Simple application format with a need to review of archaic fields, information, and online submission of documents if any
c. Precise and well-documented timelines along with the possibility of deemed approval
d. Well-defined and time bound query system in place
e. Seamless integration and approvals across various ministries/departments with the end-to-end online system
f. Procedure, timelines and online system of notice/appeal for rejection/cancellation of license/clearance/certificate
Give your suggestions with justification for each license/clearance/certificate separately with detailed reasons along with examples of best practices if any.
Q. Are there any other issues in the present system of licenses/permissions/registrations granted by MIB/DoT/WPC/NOCC/TEC/DOS/MeitY/MoP that can be identified as relevant from the perspective of ease of doing business in the telecom and broadcasting sector? If yes, provide a list of those processes and suggest ways for their improvement.

BIF Response

1. **Dealer Possession License (DPL):**
   As per the current procedure, Dealer Possession License (DPL) is required to be renewed every calendar year. This renewal requires the DPL holder to submit the stock register for the complete year along with the renewal application.
   Since the validity of DPL expires on 31st Dec every year, hence DPL holder is supposed to submit the renewal application before the expiry of the license. This means that the

dealer/vendor submits the DPL renewal application with a stock register which is only for 11 months (one month less than the full calendar year) i.e. only from 1st Jan till 30th Nov for the year.

The officer-in-charge in the wireless monitoring station asks for the full year stock register to renew the DPL which is feasible to submit only in the first month of the following calendar year i.e. first week of Jan. Post submission of details, the data is validated by the concerned in-charge and DPL is renewed after few days e.g. 15th of Jan or later. Hence there is always a gap of at least 10 to 15 days between the expiry of old DPL and its renewal for next year.

This is an ongoing practice for the last few years, and there was no challenge till the introduction of "simplification of WPC import license for domestic OEM" vide office memo **"R11018/06/2019-PP" dated 27th July 2019** where DPL holder is permitted to import via undertaking instead of import license for each shipment.

The challenge is that for import clearance against the undertaking from DPL holder, the customs officer asks for a valid DPL license along with an undertaking to release the shipment.

Since several vendors are routine importer of certain telecom equipments viz.radios/BTSs to meet routine business demands, critical and unexpected customer requirements. The above-stated gap (15 to 20 days or more) during DPL renewal for the year 2021 leads to interruption of the customer supplies.

In light of the above anomaly, BIF proposes the following viz.

"The DPL should be issued for the period of five years instead of one year and we may submit DPL data every year."

2. **Details of valid Frequency to TSP allotted by DOT:**

As per the WPC guidelines vide office memo **"R11018/06/2019-PP" dated 27th July 2019**, the DPL holder is required to ensure that the supply of radiating equipment is to TSP having valid frequency issued from DOT. This detail is not available on the DOT portal to validate the received frequency letters from TSP for the supply of Radiating equipment.

DoT should publish allotted frequencies to TSPs on public portal for both backhaul and access spectrum, vendor/ OEM may take print out from portal along with time, date and stamp for DPL audit purpose.

3. **ATA carnet Import:**

Customs asks for the NOC from WPC for the temporary import of radiating items. This requirement is neither specified in customs rules nor WPC guidelines.

Background: Earlier for customs clearance of ATA carnet shipment (temporary time-bound import into India), there was no requirement to obtain the WPC Import license or NOC, and ATA shipments were cleared by authorities.

Recently, we have come to know that customs have started asking for the WPC Import license or NOC (in the absence of license) at the time of shipment examination for customs clearance. To verify the same, we met the customs officer to sought clarity and the latest updated notification. We are told that the import license/NOC from WPC is necessary now and, the enclosed notification was shared. Further, we shared the equipment list along with

catalogs with CHA and requested to meet the customs authorities to seek deeper insights in this regard. He has also received a similar kind of response from customs authorities.

Problem statement: There is no notification from WPC authorities confirming that temporary import is exempted from WPC license/ NOC hence this continues to be a bottleneck with customs authorities.

 Support required: Request to obtain general exemption from WPC, DOT for all ATA carnet shipments.

4. **Grant of Class I/II Local Supplier Status - Public Procurement (Preference to Make In India) Order:**

This is with reference to the Public Procurement (Preference to Make In India) order No. P-45021/2/2017-PP (BE-II) dated 16 Sep 2020 issued by Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry.

We request TRAI to recommend for granting the **"Deemed Local Supplier" or Class I/II Local Supplier status** to those companies who are consistently manufacturing in India and have also participated in the PLI scheme. We also request you to kindly extend such Class I/II Local Supplier status to the OEMs who are manufacturing in India through their EMS partners. EMS companies are into manufacturing of the OEM products and do not offer such products directly to the end customers. All activities pertaining to presales, sales, installation, commissioning, after sales service, warranty and maintenance etc. including adhering to the various product regulatory compliance requirements including the recent trusted directive are the responsibilities of the OEMs. Hence, we request Class II Local Supplier status be extended to the OEMs who have participated in the PLI scheme.

We believe this is a win-win solution for the entire ecosystem. This will support government organizations including PPP projects to get access to latest technologies, products and solutions manufactured in India, allow OEMs to supply to government projects and participate in tenders, accelerate Digital India and lead to increase in local manufacturing.

5. **PMA Value addition:**
We request the following issues to be considered from the PPP MII (Preference in Public Procurement for Make In India) meeting. Kindly refer to the existing DoT PPP MII Policy. https://dot.gov.in/dot-pmapmi-policy

Existing policy	Change sought
Table – B Main Inputs /stages for manufacture of telecom products & conditions for the inputs to be qualified as Local Content (6) Assembly/Integration/Testing# The upper ceiling limit of Domestic Local Content (LC) for Assembly/	DoT to increase Local Value Addition calculation on local manufacturing from existing 10% to 16-18% % of the total product Bill of Material. This

Integration/ Testing in respect of the telecom products listed in Table-C would be 10% of the total product Bill of Material	is a true reflection of the manufacturing cost in India. **Reason:** Telecom network equipment are specialized B2B equipment and are customized to the requirement of the end customer. There is an additional element of testing of each and every manufactured telecom network equipment to ensure that they qualify the stringent requirements to be deployed on the networks. This increases the cost of local manufacturing of telecom network equipment compared to consumer electronics.
Challenges of component ecosystem	
(2) Components (a) Integrated chips (ICs) – Processor, Memory etc. (b) Active components – Transistors, Diodes etc. (c) Passive Components – Resistors, Capacitors, Inductors etc. Manufactured in India	Need to modify in DoT Order, the classification of Components such as Integrated Chips (ICs) including processor, memory to be aligned with component eco-system realities in India. Current Classifications as per DoT Order below states that Components such as Integrated Chips (ICs) have to be manufactured in India to be qualified as Local Content. Challenge – ICs such as Processors, Memory required by OEMs are not being Manufactured in India Proposed Solution – We request DoT to kindly modify the Condition in Table B in DoT Order of 29-Aug-2018 from "Manufactured in India" to "Domestic SMT Assembly and Testing from imported/ indigenously manufactured parts and components". We are submitting for reference below a **comparison of the DoT Order with MEITY Order for Mobile Phones and Servers** which recognises the issue and has proposed corrected measures accordingly. **MEITY order addresses the challenges in Indian electronics components eco-systems and ensures that Manufacturers in India are not unduly penalized in Preference to Make in India Policy in case the components they need to use are not manufactured locally in India.** Excerpt from DoT Order (Annexure 1)

	Excerpt from MEITY Order for Mobile Phones (Annexure 2): Excerpt from MEITY Order for Servers (Annexure 3):

(3) PCBs
    (a) PCB Fabrication
    (b) PCB population using components Manufactured in India
	PCB fabrication of telecom network equipment is of a higher grade (multi-layer) than that of consumer electronics and such PCB fabrication facilities/ suppliers are not available in India. Hence the above request may be considered even for PCB population

(1) Design (a) Hardware design (b) Software Design & Development The maximum Local Content (LC) percentage for Design which can be claimed by a Local manufacturer for the telecom products based on inhouse/in country R&D costs incurred/amortized to create IPR in India are as per Table-C subject to the condition that: (a) The Intellectual Property Right (IPR) resides in India for Hardware Design, (b) The Copyright is in India for the software Design & Development.	The LC percentage for Design is extremely high at 35-40% for Radios. None of the MNCs who are doing local manufacturing can clear this threshold as their design and IPRs even if designed from Indian development/ R&D centers are owned by their parent/ holding companies. This puts the MNCs at a significant disadvantage. Refer Page 16 of the document. Table C - Maximum ceiling for Design as Local Content out of total LC for Telecom Equipment
The present calculation methodology of DoT for local value addition doesn't capture the local sourcing of material and services during physical deployment, installation, and commissioning of the equipment by the supplier in the customer's network.	DoT to recognize the local sourcing of Made In India Materials in network rollout. Presently due to evaluation at product level, these costs are not getting captured. In a telecom network rollout project such costs of local sourcing of materials can go up to 15% of the overall project cost. No customer buys individual telecom network products. It is always an end to end project. Telecom network equipment by its very nature are supplied as part of an end to end project. It is very rare for customers to buy off the shelf product to deploy in the network.
Present calculation methodology doesn't capture the local value	Customers buy end to end solutions through turnkey projects and not individual products.

addition at the Project or aggregate level, and it is an individual product level.	We request DoT to calculate local value addition at the aggregate level of the project to ensure the true capture of all local value addition across the project. This will essential as it is not possible to manufacture 100% of the Bill of Material of the Project in India. Customer's requirement typically covers warranty and AMC for a period of 5-10 years after the expiry of the warranty period. During the project rollout vendors must maintain local spares and inventory warehouses at circle level (telecom circle level) along with local transportation. These costs (appx 10-12% of the overall project cost) while significant are not captured in the local value addition cost while they are provided as integral part of the turn key project.

Q24: AOB

BIF Response

Integration of WPC tool with ICE gate:

WPC portal should be integrated with the ICE gate portal which will facilitate customs authorities to validate the license online during shipment assessment which is a part of customs clearance.

Experimental License – Demo and Testing

DPL holders should be exempted from the experimental license, non-radiating type required for in-house Demo and testing purposes, especially business locations covered under license. Under existing DPL rules, the DPL holder submits these details at the time of yearly DPL renewal in Form 5.

BIS referring CRS scheme: Since the BIS is issued to the manufacturing unit (India/Overseas), not for the Brand. Arranging BIS from overseas supplier is time consuming and sometimes challenging for import clearance. **Hence** it is proposed that BIS data related to CRS should be made available online and also integrated with the customs portal for speedy & smooth clearance.