

27th November, 2017

The Chairman
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawaharlal Nehru Marg,
New Delhi 110 002

Sub : TSDM Response to TRAI Consultation Paper on Promoting Local Telecom Equipment Manufacturing

Dear Sir,

First of all we would like to express our sincere gratitude for TRAI to open up a consultation paper on this important topic of promoting the domestic telecom equipment manufacturing in the country.

The Consultation Paper presents a grim reality about the domestic Industry. According to which the Import-Export of telecom equipments in India from 2012 to 2016, the Import bill has increased at a rate of 16.3% annually while the Exports have declined at an annual rate of 17.98%.

This indicates that existing policy initiatives have failed to enable achieve the national targets / objective of achieving any significant contribution from the domestic telecom manufacturing industry.

Before we respond on the specific issues highlighted in the consultation paper, we would like to highlight the key issues which are most critical for the revival of domestic industry.

1) Implementation of Preferential Market Access policy letter and spirit :

- a. Strict enforcement of PMA Policy across all government procurement, both in State and Central, all public procurements, all procurements by Government licensees including private telecom service providers.
- b. All the products under PMA procurement should comply with the respective national standards, i.e., TEC Generic Requirements (TEC GRs).
- c. Strict checks and balances to ensure only genuine domestic value addition claims under self certification.

2) Declare Telecom Equipment Manufacturing as a vital strategic and economic imperative segment.

- a. Telecom Equipment manufacturing should be considered as a vital strategic and an economic imperative similar to the status given to Defense manufacturing. This will give India enough space to negotiate and bring all telecom equipments outside the ambit of ITA-1 obligations.

REGISTERED OFFICE

TELECOM SYSTEM DESIGN & MANUFACTURERS ASSOCIATION

A-11, (Ground Floor), Pamposh Enclave, Greater Kailash - I, New Delhi 110 048, India,

Email : adm@tsdm.in, Website : www.tsdm.in

b. All products as per the list covered under PMA, *which are strategic and security sensitive because of part of infrastructure deployment shall be treated as below.*

Imposition of duty on all such products based on following broad criteria.

Category	Description	Proposed Basic Customs Duty (BCD) On import	Suitable Duty structure to be worked out to impose Duty as below.
I	<p>Import / trading of Fully finished products</p> <ul style="list-style-type: none"> • Manufactured by a foreign entity • Brand ownership, HW & SW Technology & Value addition in any country other than India. 	35%	Nil
II	<p>Local Assembly / (system integration) of product with import of sub Systems / SKD kits</p> <ul style="list-style-type: none"> • Technology (HW, SW) ownership outside India. • Very low level assembly value addition in India 		25%
III	<p>Domestically Manufactured products complying to value addition Criteria as per PMA policy</p> <ul style="list-style-type: none"> • Technology ownership (HW & SW) in India. • Indian R & D is registered for at least 3 years for the product, which is being claimed to be designed with DSIR. • Compliance to Value Addition as prescribed under the PMA criteria • Products fully comply to respective TEC GRs. • Commercial benefits of IPR accrued in India 	0%	Nil

We provide of response to the issues raised in the consultation paper as below for your favorable consideration.

Q.1 Large number of initiatives have been taken by the government to promote electronics manufacturing, while these initiatives have succeeded in attracting significant investments in other sectors like LED, consumer electronics, mobile handsets, automotive electronics etc, they have failed to attract investments in telecom equipment sector e.g. PMA has worked very effectively in LED sector but did not work so effectively in telecom. Please enumerate the reasons with justifications for the poor performance of local telecom manufacturing industry in spite of numerous initiatives by the government/industry.

1. It is not fair to compare electronics manufacturing in segments like LED, Consumer Electronics, Mobile Handsets, Automobile Electronics with Telecom equipment manufacturing. Mere assembly with little value addition cannot be considered as domestic manufacturing. Low value addition per unit will primarily create assembly houses in the country. As far as job creation is concerned, it will help create jobs for the semi-skilled or unskilled manpower only with little opportunity for the skilled engineering manpower. Setting up Telecom equipment design, development and manufacturing involves high capital intensive investments, high technology high value addition in India.
2. Major objective of the PMA policy in telecom sector was to promote, progressively increasing value addition based domestic manufacturing in the country. PMA in not really meant and suitable to incentivize low value addition scale up assembly / production activities in the Telecom sector. There has to be strict enforcement so that these its real objective to encourage design led high value addition based manufacturing is achieved and is suitably rewarded
3. With regard to the poor performance of domestic industry, we would like submit the reasons for non-effectiveness of PMA policy and other reasons which pose bottleneck for the growth of industry:

A) Reasons for non-effectiveness of PMA policy in Telecom sector

- The PMA policy notified in Feb 2012 clearly states vide 2.2.2 that *“In Government procurement, the policy will be applicable to all Ministries/Departments (Except Defense) and their agencies for electronics products purchases for Governmental purposes , **the enforcement of PMA policy across all government procurements did not happen***
- Imposition of some restrictive conditions such as some specific technical specifications, turn-over, requirement of certification given by foreign agencies etc.
- Government Licensees (Private Operators) who dominates the Indian telecom sector, are not falling under ambit of PMA Policy, as the policy in its present form covers only Government procurement.

- There is no nodal authority exclusively to check and ensure enforcement of PMA policy in all State & Central Government procurements.
- **Like in other countries Brazil etc., Govt must provide at least 25 % price preference to domestic suppliers under PMA to protect domestic industry.**

b) **Impact of ITA-1 in growth of telecom equipment manufacturing**

- India become signatory of ITA-1 in 1996 making it obliged to gradually phase out and reduce the Basic Customs Duty to zero by 2004. This lead to erosion of local manufacturing base in the country
- The scope of ITC HS 8517 has been expanded since 2007 to include new technological developments. This has resulted in increased coverage of this HS code.
- Presently most of the new and evolving products/technologies such as LTE etc., are imported under “Others” classification, which is a major impediment for the domestic industry developing this products locally in the country.
- It is impossible for the domestic industry to be competitive in this unfair market conditions

c) **Other major reasons**

- Another reason, we feel, is that although the Government is putting efforts to build a level playing field for the domestic industry by putting in place necessary policy mechanism, **mostly leave some loopholes for some vested interest groups to take benefits of the same.**

For example, although there are prescribed guidelines and value addition norms, most of the bidders, domestic & foreign, somehow meet the domestic value addition norms as per the PMA policy. **Similarly, the benefits of funding support schemes like MSIPs, most of the benefits are taken by large global companies for their projects while small & medium ESDM companies leave behind.**

- It is a well known fact that whenever a report is to be prepared, Government entrust the same to a foreign consultants despite the fact that India has number of domestic experts and consultants and experienced industry professionals. In many occasions that these consultants find obvious favor with large foreign companies and MNC’s operating in India and their submissions mostly skewed towards to safeguard the interests of such companies. Most of these decisions taken based on these reports were against the interests of domestic manufacturing. Government should consult with genuine Indian design and manufacturing companies rather than consult foreign consultants and trade associations

- The domestic telecom equipment manufacturing industry representatives, on several occasions, denied participation in consultations for deciding on new national projects, especially even when it involves supply, installation & commissioning of telecom networks in the unconnected areas and where PMA Policy is applicable. Moreover, the written representations submitted by the industry were grossly ignored while deciding the technologies, technical requirements, implementation/commissioning methodologies etc.

Q.2 what policy measures are required to be instituted to boost Innovation and productivity of local Telecom manufacturing in our country? Please provide details in terms of Short-Term, Medium-Term and Long-Term objectives.

1. Telecom as a Strategic Core Segment

The present Defence Procurement policy (DPP 2016) considers self reliance in Defense manufacturing as a vital strategic and economic imperative and places emphasis on utilizing the emerging dynamism in the Indian industry by leveraging domestic capabilities that enables design & development of required equipments, components by Indian industry, R&D organization or their combination.

In defence procurement policy, under “Make” categorization it aims at developing long term indigenous defense capabilities. Under one of the category design & development of the equipments ; necessitating harnessing of critical technologies which involves large infrastructure investments are involved and development period is large, Government (MOD) funds upto 90% of the project cost and remaining 10% is borne by the selected industry partner.

While domestic Industry faces serious disabilities there are serious security vulnerabilities/ threats country faces because of the core telecom infrastructure products. In view of the same government must consider self- reliance as vital strategic and economic imperative and define critical infrastructure segments under telecom sector as a strategic / core segment and to take some drastic policy steps to support the sector with suitable policy initiatives which are within the framework of WTO.

It is suggested to promote domestic manufacturing under these segments differently based on real value addition with IPR creation performed locally. Suitable incentives/ measures to be taken so as to build the domestic eco system and restrict the import of the products.

Once defines as requirement under Strategic core segment, imposition of duty as below is suggested:

Category	Description	Proposed Basic Customs Duty (BCD) On import	Suitable Duty structure to be worked out to impose Duty as below.
I	<p>Import / trading of Fully finished products</p> <ul style="list-style-type: none"> • Manufactured by a foreign entity • Brand ownership, HW & SW Technology & Value addition in any country other than India. 	35%	Nil
II	<p>Local Assembly / (system integration) of product with import of sub Systems / SKD kits</p> <ul style="list-style-type: none"> • Technology (HW, SW) ownership outside India. • Very low level assembly value addition in India 		25%
III	<p>Domestically Manufactured products complying to value addition Criteria as per PMA policy</p> <ul style="list-style-type: none"> • Technology ownership (HW & SW) in India. • Indian R & D is registered for at least 3 years for the product, which is being claimed to be designed with DSIR . • Compliance to Value Addition as prescribed under the PMA criteria • Products fully comply to respective TEC GRs. • Commercial benefits of IPR accrued in India 	0%	Nil

2. Implementation of recommendations of Telecom Equipment Manufacturing Council (TEMC)

The Telecom Equipment Manufacturing Council (TEMC) has recommended creation of new funding schemes for telecom sector, i.e., Telecom Entrepreneurship Promotion Fund (TEPF), Telecom Research & Development Fund (TRDF) and Telecom Manufacturing Promotion Fund (TMPF) with total outlay of Rs 17,500 Crs, as recommended in the 12th Five year plan, should be made operational immediately.

3. Funding to Industrial R&D initiatives

Telecom is highly technology intensive and need continuous funding to sustain long term development programmes and requires huge capital investment.

Private Sector R&D efforts are often driven by market need & competition and will be more successful compared to Government led innovation programs. Hence, extending government funding / financial support to private sector R&D organizations for creation of IPR in India and its commercialization is very critical. **At present, mostly of the R&D efforts being undertaken by academia including IITs and or in Government funded institutions are towards research rather than product development and with objective for commercialized and become merely Research studies for publishing papers.**

4. Differentiation of Domestically Manufactured and Assembled Products.

There is a strong need to differentiate assembly & manufacturing. The policies meant for strengthening the manufacturing should go to real manufacturers instead of assembly units with low or nil value addition.

Under the pretext of Make In India, there is a tendency to import majority of the components and final assembly and packaging activities are being carried out in India to avail the incentives. Such assembly activities can result in very low value addition and will never have any impact on the economy or job creation front. The new concept which is being followed by countries called Design led manufacturing where the ownership of design, know-how and IPR resides with the domestic company who develop it through home-grown R&D.

Hence, it is our suggestion that a similar approach may also be adopted by India and modifies the Make in India mission to Design & Make in India to focus more on next generation core technology areas which are also security sensitive

a. Recommendations on “Indian Products”

The growth of country’s indigenous manufacturing industry is interlinked with its Intellectual Property rights. **Hence, R&D Funding support should be considered for IP creation linked to only “Indian Products”, as defined in TRAI recommendations on telecom equipment manufacturing policy in 2011.**

“Indian Products” are telecom products for which the following conditions hold good:

- i. The products have been designed, developed and manufactured in India by an entity duly incorporated in India
- ii. IPRs for the products reside in India.
- iii. Commercial value of the IPRs accrue to India
- iv. The product meets the minimum value addition criterion prescribed in the policy

5. Other Short-Medium Objectives

Strengthening the existing mechanism is very critical in the short & medium term for the success of industry.

1. M-SIPS : Since Government want to promote the value-added manufacturing in the country, we strongly urge that the limit should be enhanced upto 75% of the total investment under MSIPS scheme. Presently the total allowable R&D expenditure is 50%.

Secondly, as significant part of the R&D costs is spent on manpower/salaries, in order to make the MSIPS policy pragmatic, it is requested that staffing costs should be enhanced to upto 75% from the present 15% cap.

2. SIP-EIT : The current SIP-EIT scheme limits incentives to 5 patent applications per year per applicant. SIP-EIT scheme should be re-designed such that incentives are given on a progressive scale with companies that are filing more number of international patents given higher
3. MEIS: The Export incentives for high value-added telecom equipment under HS Code 8517 should be rolled back to 5% from the existing 2%.

6. Long – Term objectives - Creation of National Champions

The Government must promote to build the national champions in the core technology areas with a commitment of high value add in the design, development and IPR creation. For this, government must first identify the companies having the potential to grow and nurture the domestic telecom product eco-system. Due to the capex intensive nature of the ESDM sector and the need for economies of scale, India should also aspire to create such national champions in the telecom sector in line with the practices in China, Europe, America etc.

National champions should be supported in multiple ways-

- a. Matching grants/soft loans for R&D and new product development
- b. Commercialization support in the form of assured business in all government telecom projects
- c. In government tenders, even if there is only one “Indian Product”, the same should be procured, rather than being imported.
- d. National Champions should be given an opportunity to supply at “fair” prices, based on already discovered global prices (or imports) and/or based on their cost structure.

Q.3 Are the existing patent laws in India sufficient to address the issues of local manufacturers? If No, then suggest the measures to be adopted and amendments that need to be incorporated for supporting the local telecom manufacturing industry.

And

Q.5 Please suggest a dispute resolution mechanism for determination of royalty distribution on FRAND (Fair Reasonable and Non Discriminatory) basis.

No, the existing Indian Patent laws are not sufficient to protect the domestic manufacturing.

1. Royalty payable on IPR is one of the biggest challenges faced by the domestic manufacturers.
2. There are not many investments, both in terms of time and money, made in India by the domestic companies towards patenting due to its cumbersome process and costly affair.
3. There is no authority whatsoever in India or abroad, who decides that how many patents and how much royalty is applicable for any telecom/mobile handset products. As a result the royalties payable are not known at the start of project, leading to uncertainty about the claims which are going to arise.
4. The patent holder, citing the confidentiality clause, does not disclose the rate of royalties decided in the past for the IPR.
5. Presently royalties are claimed on the entire cost / sale price of the product. This is another concern. There are lot of ambiguity on what constitutes SEP in a patented technology and hardly there is any definition or procedure available for FRAND for determining the royalty and the actual terms & conditions on which the IPR holders shall grant licenses to the license seekers/ implementers. This is another bottleneck for the domestic manufacturers.
6. There is no single window like structure in place which can provide clarity in terms of various issues related with the licensing requirements at the time of commencement of manufacturing activities.

Keeping this in mind, we have following suggestions.

1. There should be nodal government entity or an Independent body under the DOT to look after all issues related with patents, identification of essentiality, negotiating with the patent holders for its availability to domestic manufacturing industry for mass manufacturing of products based on such essential patents.
2. Such constituted government entity should vet and approve essentiality of patents and licensing terms, duly involving the representatives from domestic telecom equipment manufacturing industry, academia and other key government agencies. It should also be the negotiating body for IPR royalties in India on behalf of manufacturers and it should ensure app
3. The Patents, SEPs, FRAND etc. should be brought under the Competition Act so as to ensure availability of SEPs to domestic manufacturing at a nominal cost.
4. Suitable provision in the national IPR policy may be incorporated so that SEP Royalties are payable on the cost of components having IPR and not on the entire sale cost of product. This is in line with the amended IEEE-SA IPR policy.

5. While working out the Royalty & FRAND terms, it should be ensured that the royalty should be on the cost of component/part on which patent holder have IPR, i.e., the value of the Smallest Saleable Patent Practicing Component (SSPPC).

Therefore, it is necessary to promote a fair and stable IPR regime that supports innovation along with checks and balances. This will ensure an SEP holder does not exploit its dominant position to extract royalty that's not as per FRAND terms. It should be borne in mind that the success of a standard depends upon widespread adoption of underlying technologies

Q.4 Is the existing mechanism of Standardization, Certification and Testing of Telecom Equipments adequate to support the local telecom manufacturing? If not, then please list out the short-comings and suggest a framework for Standardisation, Certification and Testing of Telecom Equipments

The existing mechanism of standardization is not satisfactory and lacking clarity.

1. For telecom products, TEC under DOT is the designated body has been defining the product specifications and various standards. TEC formulate GR/IR for all telecom products as per market requirements. Any amendments / formulation of GRs done with due industry stakeholder consultative process.
2. One of the major drawbacks is that presently there is no mandate to comply with national standard (TEC GRs) for the public procurement of telecom products. This leads to inclusion of specifications, features, functional requirements and other frivolous conditions in the RFP/RFQ etc., based on some international standards which only few MNCs products can comply with.

We would like suggest as under:

1. Department of Telecom, vide its notification under PART XI TESTING AND CERTIFICATION OF TELEGRAPH vide definitions (No. 528) – it notifies that “Any telegraph which is used or capable of being used with any telegraph established, maintained or worked under the licence granted by the Central Government in accordance with the provisions of section 4 of the Indian Telegraph Act, 1885 (hereinafter referred to as the said Act), shall have to undergo prior mandatory testing and certification in respect of parameters as determined by the telegraph authority from time to time” .

Government should implement stringent pre-market testing & security certification of imported telecom products, especially those from China. Strict enforcement of the in timely manner is most critical.

2. For procurement of all telecom products, compliance to national standards (TEC GR) should be made mandatory for all procurements, especially in Government / Government funded projects. This will enable the innovator and domestic manufacturers to know against which specific requirements/ standards, Government is intending to make procurement. This will help bring transparency to the procurement process and standardisation will also help replicate across country and help reduce the cost by creating volumes.
3. Strict product testing & certification against these standards shall also be mandated

4. The testing & certification should be done in India by TEC or any other Government accredited labs in India. No certifications from foreign certification agencies should be allowed.
5. Countries like China and Brazil require local certification of foreign products at affiliate test agencies before they can be offered for sale in the local markets. The certification process is very expensive, extremely stringent and takes a long time to complete. Only suppliers with certified products are permitted to participate in local RFPs. A similar system should be established in India as well.
6. Government must invest in creating such National Testing infrastructure in PPP model

Q.6 Are the current fiscal incentives sufficient to promote the local telecom manufacturing? Please suggest the fiscal incentives required to be instituted along with the suitable mechanism for implementation of these incentives?

The current fiscal incentives are not sufficient to promote the local telecom manufacturing and it is required to be enhanced.

1. **All incentives shall be linked with the compliances to the Value Addition criteria as per the prescribed in the PMA policy.**
2. At present the weighted R&D deduction for tax purposes for DSIR recognized an R&D organization is 150%. Prior to 2015, the same was 200%. As the Government is more focused in Make in India and promotion of value addition in the country, it is very important to restore the 200% weighted R&D deduction.
3. As highlighted in Q2, the admissible R&D expenditure shall be increased to 75% of the total project cost.
4. The domestic companies engaged in high value add manufacturing should get special incentives to overcome their fiscal disabilities such as 6% interest subvention on prior commercial debt, long-term credit at low interest rates (LIBOR+1%), Income Tax / GST holidays for 10 years and exemption from MAT.
5. Studies shows that cost of doing manufacturing in India is about 25% as compare to global references, because of factors like High Interest on borrowed finance, deficient infrastructure, high cost of logistics etc. This shall be compensated to create a level playing field. This will need substantial fiscal support to domestic manufacturers if trend has to be reversed. Marginal changes or support will not yield results. This can be achieved by providing a 25% production incentive to domestic design and manufactured products.

Q.7 Are there any issues under ITA which need to be addressed for making the local Telecom Manufacturing more competitive and robust

As a signatory to ITA-1, since 2004, India had been permitting blanket zero-duty imports of several categories of high-value telecom equipment under the HS code 8517 irrespective of whether they were explicitly covered under ITA-1 or not. Due to subsequent technology advancements, product

evolution and convergence of multiple technologies, many new products or portions of many new products are not covered under ITA-1. **Hence the new products can be treated as non-ITA1 which can now be subjected to import duties without infringing on our WTO obligations.**

India adopted the Customs Notification No 11/2014 that raised a basic customs duty of 10% ad valorem for a few product categories which did not exist when ITA-1 was signed. Since the fiscal disability faced by the domestic industry in high value-addition telecom products is of the order of 25%, the existing duty should be further increased to 25%. Moreover the list should be further expanded to include new product categories including evolving mobile technology products including 4G, 5G, Broadband systems, Software Defined Radios, 100G/Greater-than 100G DWDM, GPON, IoT, switches , routers etc. to make it more inclusive and broad based.

The HS Code classifications had undergone changes/enhancements after India signing ITA-1 in 1997, with the advancement of technologies, evolutions of new products/functionalities. One of the important item code on which a number of countries have imposed Basic duty is products failing under HS code “85176990 – Others” Presently most of the new technology products are getting imported under “Others” classification, thus it is recommended that highest rate of BCD, say 25%, should also be imposed on entire 85176990.

Further, In December 2014, some 24 countries signed the ITA-2 agreement with expanded products. As India is taking off into a new wireless/broadband and IT revolution, we should not sign the ITA-2 with expanded product coverage, which will severely damage the domestic manufacturing industry further.

Q.8 Should an export oriented/promotion approach be adopted in the telecom equipment manufacturing sector? If yes, Please suggest the steps to be taken to create suitable environment to attract foreign investment players for setting up establishments which in turn can result in technology dissemination, innovation, generation of jobs, skilled labour force, etc.?

It is important that before focusing on exports, we must build our domestic industry. It is a well known fact that export can be achieved only when we have proved ourselves and have substantial base of supplies in the domestic market. For the latter, the following two challenges should be immediately addressed.

- a) The Export incentives under MEIS for HS code 8517 should be restored to 5% as was existing earlier. Presently it is 2%
- b) The procedure for issue of duty strips under the MEIS scheme needs to be simplified so that every time an export payment instalment is received, the company can apply for corresponding incentives on a proportional basis.

In addition, we recommend the following steps to encourage telecom equipment exports from India:

- a) Actively use Govt-to-Govt (G2G) line of credit for promoting exports of high-tech equipment and projects from India to Africa, ASEAN, SAARC and Latin America. Private

- sector companies should be supported, if they are capable to lead such efforts in their respective fields. Such project approvals should happen in a timely manner by EXIM bank.
- b) Promote branding of India as a "Product Nation" in the technology sector- we are currently well known for IT services exports. (MOC, DOT, MEITY). Establish a 100 cr telecom export promotion fund which will be used for hosting events, conferences and international "buyer-seller" meets that will showcase domestic companies to national and international customers.
 - c) Incentivizing large private and government System Integrators and PSUs such as TCIL, L&T, ECIL etc through tax breaks or other benefits to purchase and offer Indian products in their international telecom projects.

Q.9 Does the existing PMA policy require any change? If yes, then please provide complete details with justifications.

Yes. The existing PMA policy needs to be refined to make it more objective and auditable. It is not being enforced rigorously or religiously.

1. DIPP, Government of India, has issued Public Procurement (Preference to Make in India), Order 2017. We expect that the existing DOT PMA policy should be aligned as per guidelines prescribed under the DIPP order so that it can be enforced across central and state institutions. Hence enforcement is the key.
2. A nodal officer in one of nodal Ministries addressing key government policies may be designated with full mandate to ensure Make in India is happening. Industry can look forward to the official whenever any non-compliance is to be escalated i.e. in all cases where the tendering agency or concerned department doesn't follow PMA policy despite formally highlighting the same. Non-compliant clauses (if any) should be tracked and modified before the tendering date.
3. All procurements of the telecom products shall be made as per respective TEC GR for all Network products or GR. Under no circumstances, the buyer shall specify product specifications / specific features which are not part of the respective TEC GR. For large projects which have countrywide requirements like Smart cities, Safe Cities, Digital Villages, Surveillance, SWANs etc TEC shall make a consolidated GR which shall become the specification of these projects. This will ensure that all states, cities countrywide will follow same specifications and dependency on external consultants will get eliminated to ensure better transparency.
4. **For ease of business, the policy envisages self-certification by the vendors on the compliance to actual domestic value addition accomplishment. This has serious limitations. We understand there are instances of making false claims.** In order to safeguard from such false claims, it is suggested that there should be very strong objective guidelines to be incorporated for providing supporting documents in support of claims including that of local R&D / IPR claims which are reconcilable with the books of account of the supplier.

5. In case the equipment is merely assembled in India i.e., local assembly of subsystems and testing is done in India, then actual value addition may amount to a maximum of 10% of the cost of system. Such Assembled products shall not qualify under the PMA.
6. **The DIPP Public Procurement (Preference to Make in India) Order 2017 envisages applicability of the policy across all procurements. Hence, the applicability of PMA policy should be broadened to bring all Government Licensees (Private Operators) under the ambit of PMA policy. It is also proposed to introduce an additional R&D Cess of 2% on the mobile service providers and they may be suitably incentivized on procurement of domestic products complying with PMA policy.**
7. With all disabilities faced by domestic industry, PMA policy in present form is not a very effective way to revive design led manufacturing of telecom in the country. Despite of best of technology and competitiveness, domestic players some time can't compete with the Global manufacturers, because of their Global economies of scale, financial support from their Government, predatory pricing etc.

PMA policy may be suitably amended to provide Price preference of about 25% to domestic players to overcome above disabilities.

Q.10 Any other relevant issues that needs to be addressed to encourage local telecom manufacturing in our country.

Spectrum for Innovation

NFAP 2011 identifies the provisions to assign frequencies in GSM frequency bands for operation of Micro cellular low powered telecommunication systems using indigenously developed systems and technologies under IND foot notes 50 & 55.

“IND 50” Requirements for Micro cellular low powered, telecommunication systems with maximum EIRP up to 4 Watts, FDD access techniques may be considered at specific locations for indigenously developed systems and technology, in a small chunk, in the frequency band 900 MHz presently used by existing wireless users of captive systems subject to co-ordination on case-by-case basis”.

“IND 55” Requirements for Micro cellular low powered telecommunication systems with maximum EIRP up to 4 Watts, FDD access techniques may be considered at specific locations for indigenously developed systems and technology, in a small chunk, in the frequency band 1800 MHz presently used by existing wireless users of captive systems subject to co-ordination on case-by-case basis”

Same may be enforced on priority so as to enable domestic innovations to serve new evolving market needs.

Also request for opening up the more unlicensed band spectrum for development and commercialization of new generation telecom application including Wi-Fi, broadband, IOT applications.

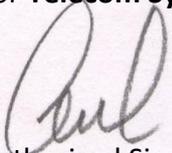
Conclusion

We hope our above response to the issues under consultation will be taken into consideration while TRAI is finalizing its recommendations on this important topic.

We are looking forward to the Open House Discussions to further deliberate on the issues raised.

Thanking you,

For **Telecom System Design & Manufacturers Association**



Authorized Signatory