From: nchsebpl@gmail.com
To: "Sanjeev Kumar Sharma" <advbbpa@trai.gov.in>
Cc: itadbbpa-3@trai.gov.in
Sent: Friday, March 25, 2022 1:55:33 PM
Subject: comments on Consultation Paper on Promoting Networking And Telecom Equipment Manufacturing in India

Dear Sir,
The NCHSE as a Consumer Advocacy Group of TRAI (Registration Number with TRAI : TRAI/CAG/11/2013-CA) would like to offer the following comments on the subject cited above.

Q1. Is the PLI scheme in its current form effective enough to address the needs of promoting NATEM in India? Are any amendments or extensions required to the current PLI scheme to make it more effective? Please provide details.

The PLI scheme was made effective from April,2021 and therefore , it is too early to suggest any amendments or extension in the current scheme.Minimum three years time should be given to watch and after that rethought is necessary.

Q2. Whether going beyond PLI scheme, a range of financial and fiscal incentives needs to be put in place to promote NATEM in India? Please elaborate your response.

It would be better if the TSPs are also involved directly, because they know much better about their requirements and need for future with reference to various machineries/parts needed.

Q3. Does the Electronic Development Fund (EDF) meet the requirements of promoting NATEM in India? What are the limitations in EDF for the NATEM sector and how can its scope be enhanced?

Basically the Electronic Development Fund (EDF) is taking care of not only Telecom Sector but other sectors also and therefore, there is need for creation of separate funds on the line of EDF for Telecom Industry.

Q4. Is there a need for creation of separate funds on lines of EDF or those earlier recommended by TRAI (like TEPF and TMPF) for promoting NATEM in India? What institutional mechanisms should be put in place to govern the fund(s)? Give justification and elaborate on its possible impact on the sector.

Yes, as explained in the answer of question no. 3.D.O.T. should be responsible to govern the fund looking to the requirements of development of software and hardware of Telecom Sector. It will set a pace to other development sectors also.

Q5. What additional measures are suggested for promoting and supporting the Start-up ecosystem in the telecom sector in India.

T.S.P. can also be involved in Start-up Ecosystem.

Q6a.Which of the financial instruments related to project financing, contract financing and credit default insurance currently available in India are being used by the stakeholders and to what extent?

As a CAG we cannot offer any comments on this issue.

Q6b. Are these financing instruments able to cater to the needs of NATEM in India?

To a greater extent they are able to cater the needs of NATEM .The hardware sector which is attracting attention at a later stage of course, needs special attention and if needed a special fund should be created under Contract Financing.

Q6c. Are there any suggestions to further improve these financial instruments or are there any new proposed financial instruments that can cater to the needs of NATEM in India? Please provide full details along with justification.

At present, no suggestion to offer, as these instructions are in the developing stage.

Q7. Whether the existing schemes relating on CAPEX and interest subvention are meeting the requirement of finance for NATEM in India.? Suggest modifications/ new schemes needed if any with details.

We do not think of adding any new scheme since existing schemes relating to CAPEX are more or less sufficient to meet the requirements of finance for NATEM in India.

Q8. Whether the existing financial assistance for MSMEs that are into NATEM are sufficiently catering to their requirement or a separate dedicated scheme is required for the sector? Please provide a detailed response along with suggested schemes, if any.

We think that existing financial assistance schemes for MSMEs can sufficiently cater the requirements of NATEM.

Q9: Whether any cost disadvantage is experienced by domestic NATE manufacturers as compared to global counterparts due to various limitations discussed above? If yes, what is percentage cost disadvantage to domestic NATE manufacturers vis a vis other country? The details of calculations and methodology adopted for the same may be provided.

Nothing to offer any comments on the part of CAG.

Q10. Whether schemes allowing tax holidays/deferment of tax are available for NATE manufacturers? If yes, are they meeting the requirement? If no, what modifications are required? Please justify and provide details.

No comments on this issue.

Q11. Is the PMA/PMI scheme in its current form comprehensive for promoting NATEM? Are there any suggestions for modifications? How can the challenges associated with implementation of PMA/PMI be addressed? Please elaborate.

The PMA/PMI scheme has started recently for promoting NATEM so it is difficult to give any suggestion for modifications. At Least 5 years time should be sufficient to judge their performance or relevance to NATEM and thereafter fresh thought may be given for modification etc., if needed.

Q12. Whether the incentives to Telecom Service Providers to deploy indigenous manufactured products in their network will be helpful in promoting NATEM in India? Please justify with reasons. What incentivization model is suggested?

No doubt, if incentives to TSPs are given to deploy indigenous manufactured products in the net work will be helpful in promoting NATEM as they are the basic users of the various products in the Telecom Sector.

Q13. What should be the incentive structure (fiscal and infrastructural) for Telecom Product Development Clusters (TPDC) set up within the EMCs or separately?

It will be difficult for the Govt to set up TPDC separately out of EMCs. So we propose that TPDC under EMCs would be better. The incentives which are being given under EMC should be O.K. at the initial stage.

Q14. Whether NATEM is facing any limitation affecting competitiveness of Local manufacturers due to misdeclaration of HS codes, inverted duty structures, landed cost differential etc.? Please provide specific details. What are the suggestions for improvement? Please elaborate.

Nothing to comment on the part of CAG.

Q15. Whether the current schemes/ measures or policy support for exporters of Indian manufactured equipment are sufficiently meeting the requirement to promote the global competitiveness of Indian NATE exporters? Are the Schemes/instruments in India consistent with the international schemes for exporters in leading manufacturing countries? Please suggest measures to bridge the gap if any.

We think the current schemes/measures or policy support for exporters of Indian equipment are meeting the requirements to promote the global competitiveness of Indian NATE exporters.

Q16. Whether the existing incentives/policies issued by DoT and MeitY do meet the requirements for the growth of telecom software products? What additional policy initiatives and enabling regulatory measures are suggested to facilitate integration of telecom equipment and software

products that are made in India? What measures are required to enhance exports of such products? Please justify your response.

The existing incentives/policies issued by the DOT and MEITY meet the requirements for the growth of Telecom software Products at present. The whole system should be reviewed after assessing the performance of export oriented industries.

Q17. Stakeholders are also requested to comment on other relevant issues, if any.

The attention of the Govt. recently attracted by the shortage of semiconductors,chips etc.,especially in automobile sectors and few countries like Tiawan, South Korea, China and Japan are the main manufacturers in this field. Due to COVID pandemic the shortage of semiconductor was felt all over the World and thereby the G.O.I. has also paid special attention to the software sector. Since the various measures in software field for the requirements of various industries have been taken care from the beginning of 2021 therefore, we are of the view that we should wait for at least one or two years more ,to see what difficulties/bottlenecks are coming so that comprehensive recommendations in Telecom Sector can be forwarded to D.O.T. and Govt. for action.

Thanks and regards

R. Chandra
Senior Fellow

NCHSE
National Centre for Human Settlements and Environment
E-5/A, Girish Kunj, Arera Colony, Bhopal
Madhya Pradesh- 462016
Ph.091-755-2463731, 4083376
http://www.nchse.org