Dear Sir,

First of all, our compliments to TRAI for such a wonderful response to Consultation Paper on NATEM.

For the sake of brevity, the recommendations made earlier by us are not repeated but are reiterated herewith. Our counter comments are given hereunder. Some of them are appreciation with some additional inputs and other counter comments:

We appreciate some of views expressed:

i) BIF's view vide para 4 that ***"Apart from economic reasons, the security considerations also suggest that India should aim at achieving self-sufficiency in telecom equipment production"***

ii) US India SPF on page 1 ***"In contrast to manufacturing other commodities, telecom products are unique to manufacture as thousands of product IDs are custom made in accordance with a customer's specific requirements"***

iii) Vodafone Idea comments in para 3:
"With digital growth across the globe, countries are witnessing enhanced telecom roleplay in Governance, public utilities delivery, defence, financial sector, healthcare etc. and thus, ***security and scalability of the telecom networks plays a vital role like never before. Also, India has its own peculiar security needs, which put lot more focus and responsibility on the telecom sector to ensure no compromise on the secured networks."***

iv) Reliance Infocomm that "W*e agree with the Authority that beyond the development of a domestic manufacturing industry in the Country, the manufacturers also need a sustainable market to remain relevant*."

1. M/S Consort Digital Private Ltd.

Question 5: We support their recommendations with some modifications that:

> *DOT must create a list of depository of Companies working on Indian/global telecom standards and it must be made mandatory for potential customers to deploy these products in their projects. Support should be provided by way of trial orders, Proof of Concepts, observer demonstrations among others.*

There is a big vacuum now to know the existing telecom equipment manufacturers, their products, technologies developed indigenously and production data. Likewise, no information is available at any centralised place of new manufacturers/ startups/innovators coming up.

The manufacturers are not required to register with any authority or portal and not required to submit data about production to anybody or authority.

We request this depository be made for Companies working on Indian/global standards, undertaking design & R&D for Indian telecom products, Indian and domestic telecom manufacturing Companies with information as assembly or manufacturing and domestic value-added contents.

This will also serve as a guide to procurement officers to identify the sources. We further suggest that if for some reasons it is not feasible for Govt to make such depository, the industry associations be supported to develop such depository for Domestic Telecom Manufacturers.

M/S Tejas Networks Ltd

Question No. 2: We support the suggestions that:

“Adequate funds should be made available for participation in global standard bodies such as ITU, 3GPP, IEEE etc. so that we can drive future standards. Travel grants to the tune of 50% may be given to cover such costs.”

This is also supported by ITU APT vide Q.No.15(i) – “*Funding to support and promote participation of Indian non-government delegates in ITU and APT meetings.”*

The standards in SSO, ETSI, 3GPP, IEEE are driven by private industries, whereas in ITU, they are driven by Government along with industries. Primarily, the MNCs developing standards are major stakeholders in SSOs. In ITU the views of Government are also taken into account.

In the absence of basic Research in India, the industry participation is minimal. As discussed elsewhere huge investment required in R&D and absence of assured access to market are key factors affecting this. Continuous participation for longer durations extending to 2-3 years is another factor attributable to this. Change of officers in Government handling the subject yields to low participation and absence of continuous participation of same officer.

In view of above the suggestion made by Tejas are strongly supported. It is also suggested that within Government, an appropriate policy be framed whereby same officer continues participation in the ITU standard making process irrespective of his transfers, especially for projects that are considered important for National security or driven by National Priorities.

Question 3: We strongly support the creation of Sovereign Patent Fund.

A few countries have come out with their own initiatives of aggregating patents through the establishment of Sovereign Patent Funds (“SPFs”). In the last few years, Japan, South Korea, China, Taiwan, and France have each launched SPFs

India should consider to establish a National Level Sovereign Patent Fund (SPF) that will be used to negotiate licenses for essential/background patents/IPR from global players for 5G and 6G technologies on FRAND terms, perhaps under the office of Principle Scientific Adviser or if it is to be a sector specific, then DoT in partnership with MeitY may come out with an ICT Patent Fund

The objectives of the SPF could be: 1. IPR lifecycle management for the SMEs and Startups 2. Pooling of IPRs from Indian indigenous companies to build a better value as a bouquet for overseas market. 3. Procure IPR licensing for the country in key technologies such as 5G, 6G to enable a fearless technology development with certainty in the country. Negotiate for a country level license fee and offer it in turn to Indian industry. 4. Full time experts, expert agencies may be roped in for day-to-day management through an SPV with a broad overall overseeing by the government. 5. Create with an initial funding of XXX to procure IPR licensing from patent owners for national level licensing to indigenous industry. (Reference Draft IPR Strategy paper)

Question No.15: We support the recommendation that Govt. should create National Champions in the telecom sector by identifying Companies that have the potential to reach global size/scale and help nurture the domestic telecom eco-system.

As stated in our earlier submissions and by Tejas:

- Due to the capex intensive nature of the ESDM sector and the need for economies of scale, there are typically only one or two global sized company in each country.
- In developing phase other Countries promoted & established their CHAMPIONS, incentivized, protected, market access. Japan-Sony, Sanyo: Korea-Samsung, LG: USA AT&T, CISCO, Goggle, Qualcomm, Intel etc; China-Huawei, ZTE, Hikvision, Datang; Sweden- Ericsson; Finland- Nokia etc.

MAIT

Question1: With reference to suggestions "Aligning Preference to Make in India (PMA) with PLI- Govt providing PMI points equivalent to 75% of the commitment of goods to be exported from India. The OEM (Global Telecom product Companies) could utilize these PMI points to qualify as **"Deemed Class I Local supplier" for products not manufactured in India.**

Our counter comments submitted hereunder may also kindly be treated in response to similar submissions made by others. We strongly oppose this recommendation made and submit:

1. We believe that PLI and PPP-MII are 2 different policies with different intent.
   -) PLI is focused on manufacturing and assembly, with no focus on local value addition, creation of domestic designs, consequent development and growth of downstream industry.
   -) Prima facie PLI is for production and includes private consumption domestic and exports. PPP MII, on the other hand, is for promotion of procurement of domestic manufactured telecom equipment. In its present form PPP MII applies only to Central Government, its PSUs and projects funded by Centre.
   -) For telecom equipment, PLI promotes "assembly-led" manufacturing versus PPP MII is intended to promote "design-led manufacturing" of Indian products.
2. PLI policy is for promoting ASSEMBLY-LED manufacturing (or EMS) whereas PPP-MII policy is for promoting DESIGN-LED MANUFACTURING i.e., for creating domestic products with Indian IPR, with high domestic value-addition, which is what will create Atmanirbharta and address our security and strategic concerns.
3. Each policy is offering different incentives and getting double the credit for the same activity, is not appropriate, especially since it

will come at the cost of depriving the domestic industry for getting fair market access.

4. In the PLI scheme, a Company only has to make a FUTURE COMMITMENT over next 4 years to make a capital investment of minimum XYZ Cr and the incentives are given based on incremental sales. There is no mandatory requirement of minimum value addition or even exports. In contrast, the PPP-MII policy is designed for Companies who have already invested & established the manufacturing facilities and have ALREADY DONE the minimum domestic value addition in their products and subsequent to which they claim the benefits of preferential market access.
5. On the issue of points for exports and qualify it as “Deemed Class I Local supplier for products not manufactured in India”, it is submitted that this defeats the fundamental purpose of PPP MII, as explained above. Exports can also be achieved by importing fully built-in product and exporting the same. Exports can also be achieved by extending services/repair etc. There are specific separate incentives for exports. The specific purpose of exports is to earn foreign exchange, even though we may also be paying equivalent or slightly less or more in foreign exchange. By giving points for exports and treating “products not manufactured in India” as domestic, does not help in promotion of domestic manufacturing and does not help India to become AtmaNirbhar Bharat and does not help India to become manufacturing hub. It defeats the very purpose of supporting domestic 4G manufacturing in India as also announced plans of India for 5G/6G domestic production.
6. The objective of promoting indigenous production cannot be achieved by emphasising on annal turnover from assembled products without local value addition or from exports of products may be based on 100% imported components.
7. R&D/ Product design are riskier elements compared to manufacturing as such fiscal + regulatory support should take risk-of-failure into account for efforts beyond project-mode school of thought, as submitted to TRAI by VOICE.
8. Hence linking PLI export credit for getting preference in domestic telecom procurement (often for strategic/security projects) is not justified.
9. Also, under PLI scheme, any Company can decide not to fulfil their future commitment with regard to turnover or production, without

any penalties and hence should not be given the benefit of PPP-MII policy.

10. As per independent studies by E&Y, domestic telecom equipment manufacturers face a fiscal disability of up to 29% for high-value added equipment in India. In addition, with tariff barriers reduced after ITA-1, the domestic industry never had an opportunity to scale-up and get global economies-of-scale, which is what the PPP-MIII offers.
11. The PLI scheme has only one criterion to qualify the Company i.e. incremental investment to be made in India. Any Global company which has a turnover of INR 10,000 Cr can get qualified under PLI by making a promise of investment of any amount. If without domestic production, given the benefits of PPP-MII scheme, such Companies with their global scales will catch entire or major market by importing products, defeating the objectives of PPP MII. It will also deprive Indian domestic manufacturers (whether 100% foreign equity or Indian equity holding), who would have invested in doing R&D and creating high-value domestic products.
12. The PLI policy does not give any weightage to domestic value addition and there is no provision to quantify Local Value Addition in the PLI policy. As per DOT PPP MII policy dated 29th Aug 2018 Table B “In case a system or its subsystem is merely assembled / integrated / tested, then actual Local Content shall be taken as up to 10% only of the cost of system / subsystem.” Hence qualifying the companies as Class I, who intend not to produce in India or make a VA < 10 % is not justified.
13. It may be submitted that all manufacturing Companies in India, whether 100% foreign equity holding or 100% Indian equity holding are eligible to avail the benefits of PPP MII by doing value addition of <20% as Class II and <50% as Class I Local suppliers.
14. PPP MII support must only be given to Companies which are Domestic and doing substantial Local Value Addition in India. Qualifying a Company under PPP MII as class I or Class II on the basis of No production in India and getting which 4 – 7 % if they assemble in India, would be a MAJOR STEP BACK against domestic Industry.

Question 11:

i) For PMA, it has been suggested *that adequate competition should be more than 3.*

Our counter comments also may kindly be treated in response to similar submissions made by others.

We have already submitted in our submissions that worldwide there are only two telecom equipment suppliers (besides two in China). Difficult to imagine 3rd global supplier, then more difficult within India to have three manufacturers. Besides India is now proud to be manufacturing domestic 4G, but albeit only one Company. India may start manufacturing with one or two companies and later expends depending upon demands and full support of PPP MII for entire Country.

It is not correct to say that there is no capacity of manufacturing telecom product in India. The Country has shown its capabilities by developing 5Gi, 4G, Optical products, CDOT technologies, wireless products, access products etc. C-DOT is extremely instrumental with a high rate of success in the technology dissemination process. Their TOT partners have already implemented the Bharatnet Project successfully. ToT could be done by DSIR listed Indian Companies to other manufacturers who can compete in Govt tenders as an OEM.

We have seen India has best talent and capacity to develop world class products. Indigenous BSNL 4G with 100% Indian stake, is one such example. We must have faith in our Companies and given them chance, they have full capability to succeed. We must come out from aura of only low-cost and mass-scale employment. Along with that we must also protect brain drain and value creation in India.

Worldwide the manufacturing of telecom products is done by specialised EMS partners and in India we already have many EMS Companies which are capable enough to meet all Indian telecom equipment requirement.

ii) It has also been suggested *that PMA confines itself to low-tech high-volume products and for High tech low volume, Indian players must support global OEMs.*

Our counter comments also may kindly be treated in response to similar submissions made by others.

We feel that is not the Indian priority as envisaged in Make in India and will go against the declared plans of making India manufacturing hub for 4/5/6G.

BIF

Question 1:

i) Q1. Para iii): We would like to give our views on the suggestion "*Adopt the Meity norms for value addition for Telecom Products. It provides the full value of all components (100% imported) that go into a PCB (as domestic content) as long as the PCB assembly is done in India."* Contents within bracket has been inserted by us for better clarity.

Our counter comments also may kindly be treated in response to similar submissions made by others:

1. As per clause 2 of DPIIT order dated 16.9.2020, the "Local Content" definition has to be decided by the Nodal Ministry, which in case of telecom is DOT.
2. Meity has issued one of PMA orders dated 7.9.2020. The products identified in this order are consumer products, whereas DOT is dealing with telecom products connected to telecom networks.
3. For the sensitive devices which are equivalent to Telecom products as mentioned in DOT policy dated 29th Aug 2018, MEITY has another PMI policy for Cyber Security devices dated 6th Dec 2019. As per definition of this policy clause 3, communication devices must be covered under this policy.

4. The policy dated 6th Dec, 2019 very clearly defines the definition of local supplier and local product as per clause 4. The important points to be noted as per this policy are as follows:
   a. The definition of Indian company
   b. IPR ownership in India
   c. The revenue from products and IPR must accrue in India
   d. The local content must be at least 60%
5. The products covered under DOT PMI policy are very much security sensitive products and cannot be compared with products identified in order of 07.09.2020.
6. It may be submitted that whereas in electronic products like laptop, computers etc. standard software is used, in most of telecom products the software is product specific.
7. We would like to reiterate two views as communicated to TRAI, mentioned in the first para of this submission and reproduced below:

   v) US India SPF on page 1 ***"In contrast to manufacturing other commodities, telecom products are unique to manufacture as thousands of product IDs are custom made in accordance with a customer's specific requirements"***

   vi) Vodafone Idea comments in para 3:
   "With digital growth across the globe, countries are witnessing enhanced telecom roleplay in Governance, public utilities delivery, defence, financial sector, healthcare etc. and thus, ***security and scalability of the telecom networks plays a vital role like never before. Also, India has its own peculiar security needs, which put lot more focus and responsibility on the telecom sector to ensure no compromise on the secured networks."***

8. Subsequent to Meity Order dated 07.9.2020, the DPIIT has revised/amended the PPP MII policy vits its order dated 16.9.2020.
9. Meity does not frame and announce specifications for any product, whereas DOT specifies the specifications

for all telecom products by Telecom Engineering Centre, which is standard body for telecom, specially keeping in view National security interests. Meity has introduced CRO based on BIS specifications. By its nature BIS specifications are generic and applicable for all products, not for any specific application/use. TEC on the other hand can frame specifications for any specific use/application.

10. Hence, we would like to recommend the calculation and methodology as adopted by DOT in its order dated 29.8.2018

ii) Q 1 Para ix) : We also wish to say with regard to imposition of duties w.e.f. February, 2021, that the same was provided as the local components were mandated under plans of the Government.

Question 12: We appreciate and support the views of BIF "*An incentive-based approach deploying a combination of rewards and penalty might be instrumental in ensuring local procurement in the private sector as well.*"

Similar views for incentivising TSPs for domestic procurement has been given by COAI, Vodafone Idea, Airtel and Reliance Jio…….

We support this and the same is also included in our submissions to TRAI.

Reliance Jio Infocomm

i) We appreciate and support suggestions given vide Para No.4, as extracted below:

We agree that robust NATEM sector is a prerequisite in view of growing security concerns regarding data privacy and overarching geopolitical concerns surrounding personal data protection and national security. *Accordingly, DoT had issued amendments in licenses in March 2021 for procurement of NATE from trusted sources for ensuring security of telecom networks.*

We submit that the same should be extended to all data related network hardware and software procurement by relevant stakeholders in the data ecosystem in the country, as data is the prevalent mode of communication and information exchange in current digital times and

pose similar threat to individual and national security as that by telecommunication…

We also suggest that the access device in the hands of customers, even though not procured by TSPs, be subject to trusted products policy, as they area biggest source of National security risks, data theft, cyber risks. There are several examples of this risks. One of classical example is that of Pegasus spyware. It is a Trojan horse computer virus that can be sent "flying through the air" to infect cell phones. Pegasus is able to exploit cell phones without any need for customer to click any code/site.

ii) *We also appreciate and support as suggested vide para 6:*

> *We agree with the Authority that beyond the development of a domestic manufacturing industry in the country, the manufacturers also need a sustainable market to remain relevant.*
>
> ***We submit that Government should support development of demand for products that are made in India through provisions of incentivizing players in domestic market and extending credit lines to support cash flows of domestic and global buyers, in line with global practices.***
>
> This is already included in our submissions to TRAI

iii) We support suggestions as at Q.12 para 5 reproduced below:

We suggest that under the incentive-based PMA scheme, focus should be to encourage design-based manufacturing in the country instead of low value addition components like tower erection, civil work, etc. Incentivizing design-based manufacturing will drive development of manufacturing technology by domestic companies.

We agree to this point of Jio and this must be the true definition of domestically manufactured products.

ITU APT

i) Question 3: We support recommendations as given in para 3:

> *We strongly suggest that* ***suitable policy amendments need to be put in place to extend 4G domestic procurement to all TSPs and a scheme for Start Ups on the lines of support extended to CDOT for BSNL 4G.*** *This is because, biggest difficulty is getting orders and access to market. It needs to be appreciated that marketing is issue even with CDOT for their various technologies and with 4G,* ***they have got success in BSNL only when the***

Govt. Insisted for local procurement without worrying for price, sufficient competition or sufficient capacity.

This is also included in our submissions to TRAI

ii) Question 10: We support recommendations as given in para ii):

For promotion of domestic manufacturing, one of successful example is in Automobile sector, where almost every known global Company is in India for manufacturing and localisation is about 70%. The key reason for this is that even today import of automobiles attract Custom duty of 100% for cars costing above Rs 30.00 Lacs and 60% for less than that. Localisation policy is ensured by Custom duty.

This is also included in our submissions to TRAI

REGARDS

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