

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

UNSTARRED QUESTION NO:2806  
ANSWERED ON:10.05.2006  
TELECOM EQUIPMENT MANUFACTURING INDUSTRY  
Tripathy Shri Braja Kishore

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

- (a) whether the telecom equipment manufacturing industry in the country has not grown in proportion to increase in telecom sector;
- (b) if so, whether the Government has received any report from ASSOCHAM in this regard;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government to promote telecom equipment manufacturing industry in the country?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) & (c) The Associated Chamber of Commerce & Industry of India (ASSOCHAM) has recently released a report titled Manufacturing of Telecom Equipments in India. This report inter-alia include:

- (i) ASSOCHAM's view of next decade of telecom landscape in India with reference to global telecom market and the market share of Indian telecommunications;
- (ii) Reasons for the percentage of India telecom equipment Capex spend being low;
- (iii) `Strengths, Weakness, Opportunities and Threats` (SWOT) analysis on Indian telecom industry manufacturing;
- (iv) Various suggestions on India to be the telecom manufacturing hub during the next decade;
- (v) National electronic manufacturing eco system requirement; and
- (vi) Strategic action for development of telecom manufacturing.

(d) Some of the important steps taken by the Government to promote the telecom equipment manufacturing industry in the country are as under:

- # No industrial license is required for the manufacture of telecom equipment.
- # 100% Foreign Direct Investment (FDI) is permitted through automatic route.
- # The dividend income and the capital invested are fully repatriable.
- # Technical know-how fee of upto US \$ 2 million and royalty payments upto 5% on domestic sales and 8% on export sales, net of taxes are also allowed under automatic route.
- # Government has imposed an additional duty, at a rate not exceeding 4% ad-valorem, to countervail sales tax, value added tax, local taxes and other charges leviable on like goods on their sale or purchase or transportation in India. The Cenvat Credit Rules, 2004 have been amended to allow domestic manufacturers to take credit of this additional duty of customs for payment of any excise duty on their finished goods. Service providers are not allowed to take credit of this additional duty.
- # Electronic Hardware Technology Park (EHTP) scheme has been modified to allow 100% sales in the Domestic Tariff Area (DTA) for the purpose of meeting export obligations.