R.B Sahajpal Counter Comments On TRAI **CP**¹ PR²

Introduction:

It may please be noted that:

- **1.**The word "expected" is occuring '16' times in the CP. The word 'likely'" is occuring '07' times in the CP. The word "expected" is occuring '16' times in the CP. The phrase 'in turn' is occuring '05' times in the CP. The word 'help' is occuring '42' times in the CP. The word 'believe' is occuring '2' times in the CP. Their occurrence alludes to "if"------"then" kind of situation in the nature of a hypothesis which is not proven implying results may happen or may not happen.
- **1.1.** The words given in '1.' above are only illustrative. There are many other words or phrases leading to similar conclusion as of '1' above.
- **2.** The sector discussed in the CP is contributing to 'fiscal deficit' due to various reasons.
- **3.** The phrase 'software products' is occuring '8' times in the CP.
- **4.** The phrase Make-in-India is occuring '16' times in the CP.

Issues for Consultation

- **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.
- **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.
- **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? **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.
- **Q5.** What additional measures are suggested for promoting and supporting the Start-up ecosystem in the telecom sector in India.
- **Q6.a.** 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?
- **Q6.b.** Are these financing instruments able to cater to the needs of NATEM in India?
- **Q6.c.** Are there any suggestions to further improve these financial instruments or are there any new proposed financial instruments that 101 can cater to the needs of NATEM in India? Please provide full details along with justification.
- **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.
- **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.
- **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.
- **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.
- **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.

- **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?
- **Q13.** What should be the incentive structure (fiscal and infrastructural) for Telecom Product Development Clusters (TPDC) set up within the EMCs or separately?
- **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.
- **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.
- **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.
- **Ans. Q1.-Q16.:** No specific answer to individual questions.
- **Q17.** Stakeholders are also requested to comment on other relevant issues, if any.
- **Ans. Q17.1.** The CP is hypothetical as it is based on various hypotheses:
- **1.1.** The statement "It is believed that India's digital economy has the potential to reach USD 1 trillion by the year 2025." is based on some belief. Moreover the referred URL could not be accessed^{4.}
- **1.2.** The statement "As the government makes concerted efforts to digitize the economy, the demand for affordable Networking and Telecom Equipment (NATE) is expected to grow considerably." is based on expectation⁵.
- **1.3.** The statement "It is therefore important to promote domestic manufacturing sector to meet the growing equipment demand. This in turn will contribute handsomely to the GDP and employment in the country. It will also promote exports and allow India to become important player in international value chain." contains a number of hypotheses based on expectation of **1.2** above.

For consideration please:

- **1.** Refer 1.1,1.2,1.3 of **Ans. Q17.** Above. Instead of statements the write up of CP may be recirculated after basing the same on quantifiable parameters.
- **2.**Refer paras 1,2,3,4.The material related to them and other associated material given in the CP allude to doctrines of 'Off Shoring' for manufacture and 'Out Sourcing' for services. inter-alia FDI & Deficit reduction contributed by Telecom Sector are subsets only of Off Shoring process. However for attracting FDI the issues of National Sovereignty & delineation of renewable/non-renewable natural assets need to be kept in view. For this the doctrine of matching inputs may perhaps be adopted wherever FDI in any form is under consideration.
- **3.** Refer para **'3'** of introduction. The term 'software product' is not defined any where in CP. So the context is not very clear as perhaps there is no universal definition for the same.

References

- 1. Dated 20220211
- 2. Dated 20220311
- 3. page '8' of CP
- 4. page '4' of CP.
- 5. page '5' of CP.
- **6.** ibid.