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Shri. Sanjeev Kumar Sharma
Advisor (Broadband and Policy Analysis)
Telecom Regulatory Authority of India
MTNL Building Near Zakir Hussain College
New Delhi-110002

Subject : Consultation Paper on Promoting Networking And Telecom Equipment Manufacturing in India dated 11-02-2022

Dear Sir,

We would like to introduce Consort Digital as an Original Equipment Manufacturer (OEM) of mission-critical communication products based on global Open standards such as TETRA, LTE 4G, 5G with use in customer segments such as public safety, railways, mass transit, airports and ports, industries among others. Our solutions are deployed with customers that require for their efficient, reliable and secure communication and therefore are crucial for fulfilling requirements of very important verticals.

We are a member of European Telecommunication Standards Institute (ETSI) and manufacture products compliant to global standards in India to be deployed for customers in India and overseas. This has been made possible with the support and policies of the Government of India and are further pleased to submit our response to your consultation paper dated 11/02/2022 regarding the subject mentioned above.

We sincerely hope that you shall consider our comments favorably.

Thanking You

For Consort Digital Private Limited

Sanjay Jain

Sanjay Jain

Managing Director

Enclosure: Comments on "Promoting Networking and Telecom Equipment Manufacturing in India"

Question and Answer

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.

We request that an extension be made of the current PLI scheme so that manufacturers working in niche or key skill areas are also eligible to be a part of the benefits provided by the PLI scheme. There may be various manufacturers who may not be able to meet higher turnover or revenue criteria initially as the market may not be developed for such niche/futuristic products. However such manufacturing also needs to be given support at an initial stage so that they may be incentivised to develop products that will have significant potential in coming years.

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.

As discussed above, there are several new technologies that are evolving in telecommunication especially with the advent of 5G, cloud-native architecture, private networks among others. These technologies will have a wide impact across several verticals and also mission-critical segments. Solutions based on these technologies will be adopted by users in several years. However it is extremely important to continue development of such solutions so that manufacturers such as Consort Digital are able to continue to build and advance these solutions as well as compete in India and globally in the future. For this, there should be a provision to provide financial and fiscal incentives so that manufacturers can continue to develop solutions that may be deployed in the future. We also request that Proof of Concept (PoC) must be invited for solutions that are based on global telecom standards so that all manufacturers working on such technologies may be able to demonstrate their solutions to various stakeholders, policy makers and potential users.

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?

Consort Digital currently has no experience of dealing with EDF agencies and therefore is unable to comment on the same.

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.

Funds allocated by the Government to promote NATEM must be allocated to organizations to develop solutions that comply with Indian Telecommunication Standards or Global Telecommunication Standards as this will promote indigenous development and manufacturing of products and solutions that are not proprietary but interoperable with other manufacturers. Standardization bodies such as ETSI and 3GPP are in the process of creating various global standards specific to user verticals in addition to the core 5G/6G standards. Standards such as MCX (Mission Critical X), V2X, M2M, etc will enable innovative applications over telecom networks in the years to come. These technologies have been chosen by agencies worldwide to migrate their future communication requirements and provide support to manufacturers in their respective countries by way of trial orders, Proof of Concepts, observer demonstrations among others. It is therefore extremely important that such support is provided to manufacturers to be able to build, scale up and deploy solutions in the future in India and overseas.

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

Standardization bodies such as ETSI and 3GPP are in the process of creating various global standards specific to user verticals in addition to the core 5G/6G standards. Standards such as MCX (Mission Critical X), V2X, M2M, etc will enable innovative applications over telecom networks in the years to come. Some of these technologies have been selected for deployment in India for critical projects and it is extremely important that start-ups or manufacturers in India are given a fair opportunity to develop, deploy and test these products with customers. Since many of these technologies find application with government organizations, agencies and companies, the Department of Telecom must create a list or repository of companies working on India/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. Furthermore, we propose a mathematical model be built on the basis of scope of the particular product, its market size through verified independent agencies on the basis of which financial grant or incentives may be given to each manufacturer.

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?

Project financing, contract financing and credit default insurance are currently not widely available for small and medium manufacturers. Most of the financing offered by the bank is based on collateral offered by the manufacturer. Therefore, there must be a clear mandate for offering project financing, contract financing, invoice discounting and credit default insurance available for MSME manufacturers.

Q6.b. Are these financing instruments able to cater to the needs of NATEM in India?

Current financing instruments are unable to meet the complete requirements of NATEM in India. During bidding for projects, there are requirements to furnish EMD, PBG which constrain the ability of manufacturers to bid for several or larger projects.

Q6.c. 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.

Based on certain credentials, manufacturers in India should be allowed to bid for projects in their domain of core competence and expertise. It is observed that most of the tenders have significant qualifying criterias which are difficult to be met by startups, emerging companies and therefore it is difficult to compete with large multinationals.

Several public organizations have been in the process of procuring modern communication and telecom solutions but the financial criterias are very high for Indian manufacturers to participate.

Also as stated previously, the scope, potential market size of the product developed by a telecom manufacturer in India must be assessed, verified and financial relief, support or grant be provided. There are various companies working on 5G solutions and its eco-systems. These technologies will be relevant in a few years to come but already have a vast market potential. Financial instruments must be provided to support such companies.

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.

Indian manufacturing companies in general are unable to use the existing schemes relating to CAPEX and interest subvention for finance for NATEM in India. We suggest that such scheme must be mandatory to be availed by MSME.

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.

The benefits that are intended to be provided to MSME must be made mandatory to be offered by banks, customer and other departments. Our experience is that mandatory conditions such as Bill Discounting through TREDS is also not available. Therefore, such benefits must be mandatorily passed on to MSME.

MSME are required to furnish BG/FBG/PBG at par with other corporations. There must be a relaxation to be able to furnish such Bank Guarantees. Furthermore, access to easy BG must be provided to MSME.

Lastly, payments through TREDS or directly must be made mandatory in case of MSME companies.

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.

The cost of financing and importing plant and machinery for import of high quality telecom products is very expensive. There is no benefit or subsidy provided for Indian companies to make such investment. It is proposed that a direct and tangible benefit should be provided to any telecom manufacturing company that makes investment in capacity building, plant, machinery among others.

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.

We are currently not benefitting from any tax holidays and deferment of tax therefore we are not providing comment for the same.

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.

As above.

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?

For products and solutions available, it is imperative for TSP to deploy indigenous manufactured products. If financial incentives are provided, it will help in deployment of indigenous products.

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

It is very important for an Indian telecom manufacturing company to have access to good infrastructure, space and production environment. Often, this is very expensive and therefore companies are not able to have such facilities that allow for production of world class products. Also access to all necessary resources, supply chain, manpower and infrastructure will greatly benefit such Indian companies who wish to set up or expand their production facilities.

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.

No comment.

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 NATEM 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 would request some policy whereby Indian manufacturers are provided with assistance to market their products globally. There are some schemes available however, a local manufacturer should be able to market, compete and promote their products and solutions in foreign markets. This should be done by way of - financial benefits for export, some grant to participate in trade shows, expos and advertising spend in foreign markets.

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.

As detailed above, products manufactured in India must be given the benefit of being used by Indian customers. It is seen that organizations are tendering out for such products on the basis of benchmarks or evaluation criteria that are based on foreign products. There is a possibility that some of these products may have some features or credentials not available with local manufactured products. However, these should never be a reason for rejection of Indian manufactured products.

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

As above.