

RSM/COAI/2013/201 November 13, 2013

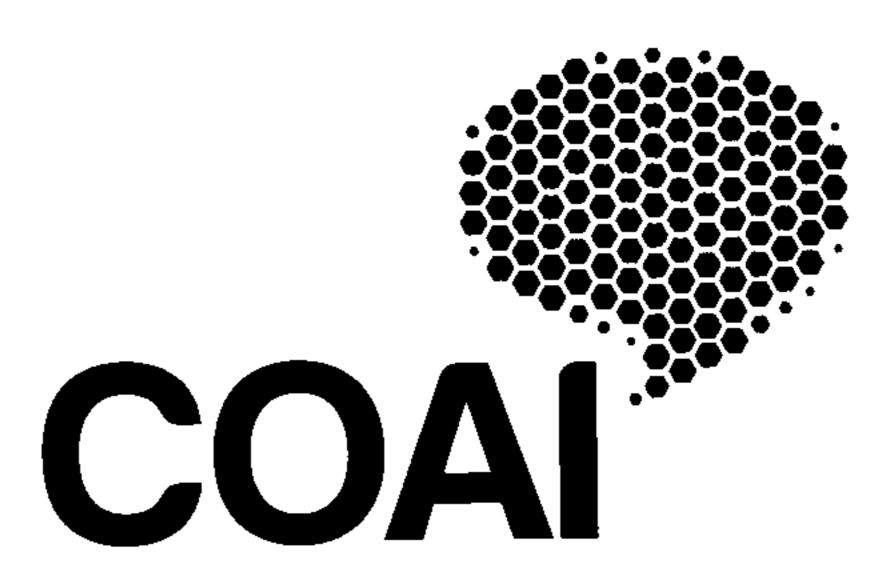
Smt. Rita Teaotia
Additional Secy. (T),
Department of Telecommunications
Sanchar Bhawan
20, Ashoka Road,
New Delhi – 110001

Dear Madam,

Subject: Final Report of Telecom Equipment Manufacturing Council (TEMC): Investments required

References:

- i. DoT's notification no. 18-25/2012-IP dated November 23, 2012 on Constitution of Telecom Equipment Manufacturing Council
- ii. E-mail sent by Shri. R. K. Bhatnagar dated September 5, 2013
- 1. This is with reference to the final report of Telecom Equipment Manufacturing Council (TEMC) shared by Shri. R. K. Bhatnagar vide email dated September 5, 2013 (Copy of the e-mail attached as **Annexure 1**).
- 2. National Telecom Policy 2012 has identified that efforts are required to boost investments and manufacturing activities in the telecom sector, as per sections in the NTP 2012 as below:
 - a) Mission, point no. 7,
 - "To attract investment, both domestic and foreign"
 - b) Objectives, point no. 33
 - "Put in place appropriate fiscal and financial incentives required for indigenous manufacturers of telecom products and R&D institutions"
- 3. The projected investments in the Telecom sector are as below:
 - a) The TEMC report (Para 6.6, page 34) has a estimate of demand forecast for Telecom Equipment only as below:
 - i) **2017**: INR 1,210,67 crores (i.e. \$19.5 billion)
 - ii) 2020: INR 1,700,91 crores (i.e.\$27.5 billion)
 - b) **2012 17**:



12th Five Year Plan estimated investments in Telecom Sector for the period 2012-2017 is INR 943,899 crores (i.e. \$152 billion) are given at:

http://planningcommission.nic.in/plans/planrel/12thplan/pdf/12fyp_vol1.pdf

The projected investment required each year by Government and private sector is attached as **Annexure – 2**. While this figure is for the entire Telecom Sector, needless to say this will have a significant bearing for the Telecom Manufacturing as well. The important point to note is that the Government has projected that 92% of this has to come from the Private Sector.

- 4. The need for attracting investments has also been highlighted in the various sections of the NTP 2012 which endeavours to create an investor friendly environment for attracting additional investments in the sector. Indian telecom product companies already face various fiscal and other handicaps and need to increase levels of investments in line with demand profile discussed as given in TEMC report. Para 7.6 of the TEMC report also highlights skills and competence exists, but policy and eco system does not support fresh investments in high value added manufacturing.
- 5. You will appreciate that both Government and industry will have to work in close co-ordination to enable these investments for telecom equipment manufacturing to actually take place. We will need to keep in mind the international telecom equipment market projections and how much of that can we expect to bring to India in a span of 4 years from now till 2017 with a yearly target and reviews in our Project Planning.

6. Recommendations:

- a) TEMC to discuss the important issue of measures, steps for <u>attracting investments</u> in Telecom Equipment Manufacturing.
- b) Given the substantial projections and the global economic outlook, we request that a Meeting of the TEMC be scheduled for the specific purpose of investments. It will be useful if this meeting includes potential investors, banks, financial analysts and members from the Department of Commerce, DIPP, etc. as invited members.

We hope our above inputs will merit your kind consideration.

Regards,

Rajan S. Mathews
Director General

CC: Shri. Anil Kaushal, Member (T), DoT

Shri. A. K. Mittal, Sr. DDG, TEC Shri. R. K. Pathak, DDG (IP), DoT

Dr. C. Muralikrishna Kumar, Sr. Advisor (CIT&I), Planning Commission



ANNEXURE 1

E-mail sent by Shri. R. K. Bhatnagar dated September 5, 2013

From: Rakesh Kumar Bhatnagar [mailto:bhatnagarrk@gmail.com]

Sent: 05 September 2013 13:18

To: Rajesh Pathak; Sangeeta Chugh; R.K. Bhatnagar

Cc: Arun Golas; jst-dot@nic.in; srddg TEC; ddgsecurity-dot; C-DOT Executive Director s Account; cmd@itiltd.co.in; secretary.tepc@telecomepc.in; R S Mathews; Auspi; Bhaskar Ramamurthi; Prof. Rekha Jain; dbp@it.iitb.ac.in; Prof N. Balakrishnan; tcil; Sanjay Nayak; Rajesh Kumar Pathak; Swati Rangachari; Bhargava, Sandeep (NSN - BE/Brussels); Rajesh Tuli; Sanjeev Kakkar; Ashok Sud; Rajiv Mahajan; RM; RM; Director TCOE; srddgas.hq-dot; jayant bhatnagar; pankaj mohindroo; NK GOYAL; naresh.ajwani@vnl.in; Vikram TIWATHIA; Pramod Mittal; ddgsat.tec@gov.in; advt-dot@nic.in Subject: FINAL REPORT of TELECOM EQUIPMENT MANUFACTURING COUNCIL dated 5th September 2013

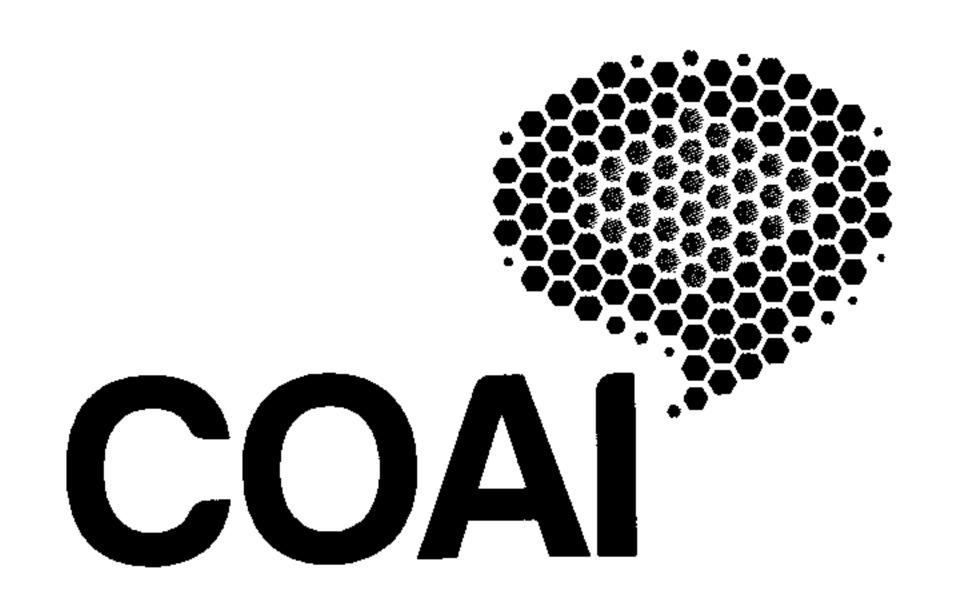
Dear friends,

The Final Report of the Telecom Equipment Manufacturing dated 5th September 2013 is being formally submitted by me today. It captures all the inputs received till early morning today including detailed one from AUSPI. I once again would like to thank all Members & co-opted members of TEMC for their valuable contribution towards the finalization of this Report and I do hope that acceptance of TEMC Recommendations should support all the stakeholders in the Telecom Industry.

Copy of the FINAL Report is enclosed.

Regards

Rakesh Kumar Bhatnagar Advisor (Technology), Department of Telecom +91-9868133450



ANNEXURE 2

Financing the Plan 89

TABLE 3.17
Projected Investment in Infrastructure—Twelfth Plan

(₹ Crore at Current Prices) Sectors Total Twelfth Plan Projections Eleventh 2012-13 2013-14 2014-15 2015-16 2016-17 Total Plan Twelfth Plan Electricity 7,28,494 2,28,405 2,59,273 2,94,274 3,33,470 3,86,244 15,01,666 Centre 2,33,501 69,059 77,650 **87,228** 97,616 1,09,242 4,40,7961 States 1,84,696 56,338 62,337 **68,9**09 75,888 83,572 3,47,043 Private 3,10,297 1,03,008 1,19,286 1,38,137 1,59,966 1,93,429 7,13,827 Renewable Energy 89,220 31,199 42,590 58,125 79,075 1,07,637 3,18,626 Centre 9,630 3,631 4,739 6,179 8,027 10,427 33,003 States 1,018 744 886 1,056 1,487 1,253 5,425 Private 78,572 26,825 36,965 50,890 69,795 95,724 2,80,198 Roads and Bridges 4,53,121 1,50,466 1,64,490 1,80,415 1,98,166 2,21,000 9,14,536 Centre² 1,94,678 61,920 64,567 67,272 69,833 72,502 3,36,094 States 1,65,903 47,844 51,222 54,786 58,377 62,204 2,74,433 Private 92,540 40,702 48,702 58,357 69,955 86,294 3,04,010 Telecommunications³ 3,84,962 1,05,949 1,36,090 1,76,489 2,30,557 9,43,899 2,94,814 Centre 86,375 15,203 14,827 14.446 14,023 13,611 72,110 Private 2,98,586 90,746 1,21,263 1,62,042 2,16,535 2,81,203 8,71,789

Note:

- 1. For the Telecom Sector, this 12th FYP estimated investments in Telecom Sector for the period 2012-2017 is INR 943,899 crores (i.e. \$152 billion) given at http://planningcommission.nic.in/plans/planrel/12thplan/pdf/12fyp vol1.pdf
- 2. In USD terms, this is as below:

	Projected	nvestment	(in USD bill Twelfth Fiv	ion) in Telecc e Year Plan	mmunicatio	ons under	
	2012-13	2013-14	2014-15	2015-16	2016-17	Total	9/6
Centre	2	2	2	2	2	12	7.24
Private	15	20	26	35	45	141	92.76
Total	17	22	28	37	48	152	100