

A full-page portrait of NK Goyal, President of CMAI. He is an older man with a mustache, wearing a dark maroon suit jacket, a white shirt, and a red striped tie. He is standing in front of a wall with a green and white patterned border. The background is slightly blurred.

INDIAN MANUFACTURERS ARE ALL SET TO TAKE UP THE CHALLENGE

“Local manufacturers are willing to provide the highest quality products at the best competitive price. However, the government needs to frame good policies, which will favour the growth of local manufacturers,” opines **NK Goyal**, President, Communications and Manufacturing Association of India (CMAI) in conversation with **Sudhir Muddana**. Excerpts...

POTENTIAL OF INDIAN TELECOM EQUIPMENT MANUFACTURING

India has tremendous potential for telecom equipment manufacturing. Currently, the country has a demand for more than \$30 billion worth of equipment, which can either be met by importing the required materials or manufacturing them locally. India has a large market for telecom equipment of which locally designed and manufactured equipment accounts for around ₹1,000 crore a year. However, it is difficult to provide accurate statistics of telecom companies, which are permitted 100 per cent FDI as according to the government policy, it is not mandatory for these companies to submit official data to any authority. On the other hand, if we include the manufacturing of towers, batteries, etc., then the figure goes to around ₹20,000 crore per year.

PRESENT SCENARIO

We have different types of companies operating in the country. We have the 100 per cent FDI companies such as Alcatel, Nokia, and Ericsson, who have set up plants in India. In addition, Nokia in Chennai is manufacturing a substantial number of cell phones every day. We also have a number of companies called electronic manufacturing services, who do only electronic manufacturing. These are being used by companies such as LG, Samsung, etc. for manufacturing equipment. Lastly, we have companies that are carrying out local designs and manufacturing. So overall, we have a good telecom equipment manufacturing base in the country. However, what we are losing out on is that as per the statement given by the Telecom Minister, Kapil Sibal, there is a huge import bill of telecom equipment. For example, the equipment used in wireless broadcasting is imported in huge quantities and the government expects the bill of this equipment to surpass the bill of petrol & oil in the next two years. That is why the government is stressing on local manufacturing. In addition, TRAI has also taken some initiative to promote telecom manufacturing by drafting a paper called 'Encouraging Telecom Equipment Manufacturing in India' in which it is trying to seek ways and means to promote the telecom sector.

INDIA VS CHINA

India imports large quantities of telecom equipment and is unable to achieve substantial production. Hence, India is not in a position to be compared to countries such as China and Japan. Comparing India and China will not be appropriate as India is a democratic country with a perfect legal and IPR system. Also, since we are seen as a democratic and liberal country, there is no comparison with China. Secondly, in the case of China, the Chinese Government has made it mandatory for all telecom companies from various countries to first set up their manufacturing base in China if they want to supply equipment to the Chinese operators. However, in our country we have allowed the import of telecom equipment without any licence, duty or without laying any specifications or standards. Although we have industry standards, like in every part of the world, there are no specific regulations which restrict imports. Like China, we are expecting that the government will come out with some good policies to encourage the local IPR development and local manufacturing in India.

THE ROADBLOCKS

Local manufacturers have no challenge in meeting global standards or offering competitive prices. The roadblock is that despite having a readily available system for providing broadband facility to all the countries, the Centre for the Development of Telematics (C-DOT) has not been able to deploy the same. Another major challenge is that the licence conditions permit telecom operators to import the equipment. This makes it difficult for the government to make local manufacturing sound like a lucrative prospect for telecom operators. In such a scenario, the government should consider reforming the policies and standards in such a way that it makes it incentivised for telecom operators to purchase equipment from local manufacturers.

TEMA'S CONTRIBUTION

Telecom Equipment Manufacturers' Association of India (TEMA) is a national body that represents telecom technology providers and global & Indian private and government-owned companies. Recognised by the Government of India, TEMA works closely with the industry and

the government. It has been recommending to the government various measures that should be taken to boost the use of domestic manufactured equipment, which include promotion of R&D in the core areas, including basic wireless equipment. There should be a system of provisions for the deployment of products, which are locally designed and manufactured and there should be some encouragement through policies.

TECHNOLOGY THE WORLD OVER

India is not facing any issue in terms of technology. In fact, technologies are the same the world over, be it 2G, 3G, wireless, etc. Technology is no more an issue anywhere in the world. Communications and Manufacturing Association of India (CMAI) has signed MoUs with associations in Japan, Korea, Taiwan, US, UK, Germany, Philippines, Malaysia, Singapore, Bangkok, etc., with whom CMAI exchanges information. It also shares this information with all the other associations, including TEMA.

PREPAREDNESS OF INDIAN EQUIPMENT MANUFACTURERS

Equipment play a crucial role in any industry and with constant innovations and technological advancements occurring in the world, the telecom industry needs to use the latest and best telecom equipment. The government is showing a keen interest in promoting local manufacturing in the country and Indian manufacturers are all set to take up the challenge. Local manufacturers are willing to provide the highest quality products at the best competitive price. However, the government needs to frame good policies which will favour the growth of local manufacturers.

BOOMING PROSPECTS

New technologies, such as 3G, broadband wireless and 4G, in time to come, will support the growth of the Indian telecom equipment industry as they will increase the demand for these equipment. Therefore, there will be more scope, more prospects and more opportunities to avail in the future. Holding great prospects in the years to come, I hope that India should be able to make at least \$20 billion worth of equipment per year by 2020. ■