

# No plan to let Chinese firms re-enter Indian telecom market

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The government has no plans of providing trusted source certificates to Chinese telecom equipment manufacturers such as Huawei and ZTE yet, thereby keeping them locked out of India's telecom sector, according to officials in the Department of Telecommunications (DoT). Officials pointed at national security concerns to block Chinese firms in telecom.

In the backdrop of Shein, a Chinese fashion major, making a comeback three years after it was forced to shut its India business, there was expectation that Chinese vendors may be allowed in telecom. Shein is coming through a joint venture with Reliance Industries.

In fact, telecom ventures with Chinese vendors have also been reported in the recent past, with no confirmation on the status of approvals. In early April, media reports suggested Vodafone Idea had placed orders with ZTE for its 4G network expansion in certain circles. However, the company has not officially confirmed the reports till date. Queries sent to Vodafone Idea on the matter did not elicit a response.

When contacted, DoT officials said none of the major private telecom service providers had sourced "un-authorized" equipment so far.

## TRUST ISSUES

- India placed restrictions on Chinese firms across sectors after 2020 border clashes

- In Dec 2020, a national security directive on telecom sector prioritised local supply chains

- Since June 2021, telcos are mandatorily required to source new devices only from 'trusted sources'

- Govt considers Chinese equipment makers Huawei and ZTE national security risks

- Chinese players have lost ground to competitors like Siemens, Cisco and Samsung



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## Chinese firms...

Officials told *Business Standard* that national security concerns surrounding companies such as Huawei and ZTE prompted the government to keep them out when the issue came under discussions recently. They said two telecom service providers (TSPs) had recently informally requested the government to reconsider whether certain categories of telecom gear could be sourced from China. The companies had cited cost pressure while seeking Chinese gears at a time when network expansion for both 5G and 4G continues in India. Without the coveted 'trusted source' tags, the companies can't supply network equipment to the Indian market. Products manufactured by the Chinese firms have also not received trusted product approvals.

"Apart from being a sensitive sector, telecommunications in India is at a crucial stage owing to the 5G rollout. The devices which are driving the massive economic and industrial change not only have to be technologically fool-proof, but also have to be sourced from parties who have to be beyond reproach," a senior DoT official said. The issue is being monitored closely but there is no change in policy posi-

tion at the moment, he said.

Industry insiders said TSPs have tweaked their supply chains to shift their sourcing requirement to non-Chinese companies. Case in point, the ongoing 5G rollout by Reliance Jio and Bharti Airtel has been powered by Radio Access Network (RAN) equipment from Finland-based telecom equipment giants Nokia and Ericsson.

### Higher scrutiny

The government believes firms which are subject to China's laws could be forced to hand over information to Beijing's security services. The companies have denied this, but officials in India pointed to a rash of restrictions placed on Chinese hardware manufacturers globally.

The US had first placed restrictions on Chinese telecom companies deemed to be national security risks in May 2019. Additional restrictions on companies including Huawei and ZTE were placed in November 2022 when the Federal Communications Commission expanded its ban on the sale and import of Chinese technology and especially telecom and video surveillance equipment. Chinese manufacturers had till recently dominated the telecom sector because of their competitive prices and tailor-made solutions for Indian customers.

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