

DoT may mandate local purchase of telecom equipment

Focus on high-quality products, indigenous manufacturers told

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The Department of Telecommunications (DoT) might make it mandatory for private telecom service firms to buy some of their telecom equipment from indigenous manufacturers if they do not do so voluntarily, a senior DoT official has told *Business Standard*.

“We are pushing the telcos to buy indigenous telecom equipment. That is why we are also pushing indigenous manufacturers to make products of high quality. They are already working on this and have made substantial improvements. If, despite this, the telcos still do not buy, we can always make it mandatory that a certain percentage of equipment has to be bought from them,” said the official.

The government has been encouraging home-grown makers via the design-linked incentive scheme on telecom products which has seen an enthusiastic response; 27 domestic manufacturers, including MSMEs, have applied under the scheme.

However, despite the big push to ‘Make in India’ the nations’s two operators have given contracts to global telecom gear firms such as Ericsson and Samsung in the initial phase of the 5G rollout.



THE GAMEPLAN

- ▶ **On offering 5G services at 4G prices: Asks telcos to inform DoT.** No intervention. Expect stakeholders to pressure companies on how they intend to make returns on fresh investment
- ▶ **On OTT communications services: Will be regulated but with a light touch.** Won't be like licensing telcos, more to protect consumers
- ▶ **On revamped Trai Act and role of DoT: Amended Act on lines of US and UK regulators,** along with organisational changes. TDSAT to be revamped. DoT role to be primarily focused on policy-making

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The Department of Telecommunications has asked Vodafone Idea to come back to it with a business plan soon in the light of its decision not to launch 5G services for now, and in view of its assessment of the possible impact of BSNL's impending launch of 4G and 5G.

DoT...

In the case of state-owned BSNL, the government has decided it will buy equipment only from Indian vendors for BSNL's 4G and 5G roll out. That is why the contract for the roll out has been given to TCS in consortium with C-Dot.

However, Reliance Jio, which has said it has developed its own indigenous 5G technology and equipment, is looking at manufacturing some of the products in the country.

A Reliance Jio official said the company will use its own equipment in some circles but believes that the best way to keep in line with global technology is to have a combination, namely, buy from global players who have volumes but also use Indian technology and manufacturing facilities in India. Allaying fears that the government might push 5G telcos to increase their tariffs which have been kept at the same level as 4G services in order to protect BSNL, the DoT official said: "We have left them to decide on tariffs. All we have asked them is that whatever tariff they announce or when they change it, they should inform us before making it public." Asked whether keeping 5G prices at par with 4G for a reasonable amount of time would impact BSNL which will launch 4G services soon or companies like Vodafone Idea which is not rolling out 5G, the official said: "They have their stakeholders who will surely ask them and put pressure on them as to how they will make returns on the new investments in 5G."

Responding to the growing concerns of OTT communication services such as WhatsApp and Telegram who have been included in the draft Telecommunications Bill as 'telecommunications services', the same official made it clear these companies would indeed

be regulated. "There is no question they will be regulated. But what we are looking for is a light touch regulation, not like how telecom services are licensed. It's basically focused on protecting consumers. We are working on the modalities."

On the controversy over the draft bill reducing the powers of the TRAI as well as the TDSAT, the official said the government is planning to revamp the TRAI Act of 1997 to give it more teeth akin to the powerful US and UK regulators.

"The TRAI Act is 15 years old and needs to be revamped for the new digital world. Our intention is to strengthen its role so that the DoT can instead concentrate on broad policy issues. We will also have to revamp and strengthen the TDSAT," he said. The revamp will not be limited to the act but will encompass an organizational revamp. "Currently, most of the staff in TRAI come on lien from the DoT for a brief period and then go back. That has to change. We need experts on technical issues, technology, and law to handle the new requirements for India to become a digital power," he said.

IT rules...

In the following public consultations on the amendment, big tech companies had expressed reservations on GACs. As things stand now, users can appeal these decisions only in court. According to the gazette notification released by the MeitY, the final version of the rules says the government will establish one or more GACs within three months.

Each committee will consist of a chairperson and two whole-time members appointed by the government. One will be an ex-officio member and two independent.

However, the government

