

**Ministry of Communications and Information Technology
Department of Telecommunications**

5th October, 2012

Notification

Subject: Policy for Preference to domestically manufactured telecom products in procurement due to security considerations and in Government procurement - Notifying Telecom Products for Government Procurement in furtherance of the Policy

No. 18-07/2010-IP: Department of Information Technology (DIT) has issued a Notification No. 8(78)/2010-IPHW dated 10th February, 2012 for providing preference to domestically manufactured electronic products as a part of procurement process for the electronic products that have security implications for the country, and are to be utilized in Government own use while ensuring that no commercial resale is involved. As per the notification, telecom products which are procured across sectors would be notified by the Department of Telecommunications (DoT).

2. In furtherance of the Policy notified *vide* reference cited above, the Department of Telecommunications has, accordingly, laid down the following policy for providing preference to domestically manufactured telecom products in Government procurement for its own use and not with a view to commercial resale or with a view to use in the production of goods for commercial sale and the policy shall come into force from the date of its publication in the Gazette of India and shall be in force for a period of ten years thereafter.

3. It is hereby notified that each Ministry or Department will procure minimum percentage of their telecom product requirement fulfilling minimum value addition prescribed against each item. For all the Ministries or Departments (except the Ministry of Defence) of Government and the agencies under their administrative control and for all Government funded telecom projects (e.g. NFS and projects funded by USOF like NOFN etc.), the list of telecom products indicating preferential market access and criteria to qualify as domestically manufactured product year-wise is given in Table-A.

4. The Preferential Market Access (PMA) and Value Addition (VA) indicated against each year are minimum and efforts should be made by domestic manufacturers to achieve higher value addition. The formula for calculation of value addition for telecom products shall also be as notified by Department of Electronics and Information Technology from time to time. All the telecom products which do not meet the minimum value addition criterion for that year shall be treated as imported telecom products and dealt accordingly.

5. Based on the availability of domestic products, the list of products as well as value addition for each product would be reviewed and notified by the Department of Telecommunications on periodic basis.

Table-A

Sl. No.	Telecom equipment Description	Year 2012-13 & 2013-14		Subject to Periodic Review based on new industry inputs/developments)							
				Year 2014-15		Year 2015-16		Year 2016-17		Year 2017-18	
		PMA	VA	PMA	VA	PMA	VA	PMA	VA	PMA	VA
1	Encryption/UTM platforms (TDM and IP)	100	45	100	50	100	55	100	60	100	65
2	Core/Edge/Enterprise routers	50	35	60	40	70	45	80	50	80	55
3	Managed Leased line Network equipment	75	35	100	40	100	45	100	50	100	55
4	Ethernet Switches (L2 and L3), Hubs, etc.	50	35	100	40	100	45	100	50	100	55
5	IP based Soft Switches, Media gateways	50	35	100	40	100	45	100	50	100	55
6	Wireless/Wireline PABXs	100	45	100	50	100	55	100	60	100	65
7	CPE (including WiFi Access points and Routers, Media Converters), 2G/3G Modems, Leased-line Modems, etc.	75	25	100	30	100	35	100	40	100	45
8	Set-Top Boxes	50	35	60	40	70	45	80	50	80	55
9	SDH/Carrier-Ethernet/Packet Optical Transport equipments	100	45	100	50	100	55	100	60	100	65
10	DWDM/CWDM systems	50	35	60	40	70	45	80	50	80	55
11	GPON equipments	75	35	100	40	100	45	100	50	100	55
12	Digital Cross-connects/MUXs	50	35	100	40	100	45	100	50	100	55
13	Small size 2 G/3 G GSM based Base Station Systems	75	35	100	40	100	45	100	50	100	55
14	LTE based broadband wireless access systems (eNodeB, EPC, etc.)	50	35	100	40	100	45	100	50	100	55
15	Wi-Fi based broadband wireless access systems (Access Point, Aggregation Block, Core Block, etc.)	100	35	100	40	100	45	100	50	100	55
16	Microwave Radio systems (IP/Hybrid)	75	35	100	40	100	45	100	50	100	55
17	Software Defined Radio, Cognitive Radio systems	50	35	100	40	100	45	100	50	100	55
18	Repeaters (RF/RF-over-Optical), IBS, and Distributed Antenna system	75	35	100	40	100	45	100	50	100	55
19	Satellite based systems – Hubs, VSAT etc.	50	35	100	40	100	45	100	50	100	55

20	Copper access systems (DSL/DSLAM)	50	35	60	40	70	45	80	50	80	55
21	Network Management systems	100	45	100	50	100	55	100	60	100	65
22	Security and surveillance communication systems (video and sensors based)	100	35	100	40	100	45	100	50	100	55
23	Optical Fiber Cable	100	45	100	50	100	55	100	60	100	65

PMA= Minimum Preferential Market Access to Domestically Manufactured Telecom Products in indicated financial year

VA= Minimum domestic Value Addition to qualify as Domestically Manufactured Telecom Products in indicated financial year

6. Telecom has emerged as a key driver of economic and social development in an increasingly knowledge intensive global scenario, in which India will play a leadership role. The Government has targeted to increase broadband coverage in the country up to 175 million by 2017 and 600 million by 2020. Additional Spectrum of about 500 MHz is proposed to be made available by 2020. In same way, the mobile subscriber base is targeted to reach 1200 million by 2017. Based on the TRAI report on Manufacturing Policy for Telecom Equipment, the demand of various telecom equipment in India and abroad is estimated as indicated in Table-B below:-

TABLE-B

SI No.	Year	Global Total Demand (Rs. millions)	Indian Demand (Rs. millions)	% of Global Demand
1.	2012-13	16382550	769400	6.2%
2.	2014-15	19108610	965140	6.6%
3.	2016-17	22288280	1210670	7.1%
4.	2019-20	28076820	1700910	7.9%

The demand of various verticals of telecom equipment in India is estimated and detailed as in TABLE-C, as follows:-

TABLE-C

Wireless Equipment Demand (Rs. millions)		2015-16	2019-20
	Wireless Equipment	264440	444380
i)	2G Wireless	25320	-
	BTS Antenna	10130	-
	BSC	9110	-
	MSC/GMSC/HLR/VLR/EIR	6080	-
ii)	3G Wireless	101280	26450
	Node B	40510	10580
	RNC	36460	9520
	GGSN/SGSN	24310	6350
iii)	LTE/Mobile Wi-MAX/5G	126590	238100
	eNode B	75960	142860
	MME/SGW/PGW/SAE	50640	95240
	FAP	11250	27990
iv)	Mobile Handsets	384020	613100
	Total	648460	1057380

Wire-line Equipment		2015-16	2019-20
i)	Switches		
	Local	1640	1480
	Transit	1840	1660
ii)	STP	990	900
iii)	IN Platforms	500	450
	Total	4960	4480

IP & Packet Switching		2015-16	2019-20
i)	Switching		
	LAN Switches	107520	130690
	Ethernet/IP Aggregation	8060	12680
	Carrier Ethernet (Incl. above)	2020	9510
ii)	Routing		
	Edge IP/MPLS Routing	19350	30440
	Core IP/MPLS Routing	4840	7610
iii)	Packet Voice	7130	20890
	Soft switch	2850	8360
	SGW/MGW	2140	6270
	Session Border Controller	1070	3130
	Media/Voice App Servers	1070	3130
	Total	146890	201310

Broadband Equipment		2015-16	2019-20
i)	FTTX	38810	208700
	ONT/ONU	15520	83480
	OLT	23280	125220
ii)	DLS Broadband	31040	29810
	DSL Modem	15520	14910
	DSLAM	10870	7450
	MSAN	4660	7450
iii)	CMTS	7760	59630
	Total	77610	298150

Backhaul and Transmission		2015-16	2019-20
1.	Fibre/Optical		
	Optical	58110	79220
	SDH	31880	35880
	DWDM	19730	34880
	POTP(Incl. within SDH,DWDM/DXC)	27460	66770
	DXC	3300	3430
	Submarine Systems	3200	5030
2.	Microwave Backhaul	27240	39890
	PDH/SDH/Microwave	1360	800
	Ethernet Microwave	25880	39090
	Total	78380	109600

7. The procuring agencies shall follow the standard laid down procurement procedures, subject to meeting the requirement related to specified percentage of procurement being made from domestically manufactured telecom products as per this policy.

(i) aggregation of annual requirements and such other procurement practices, which facilitate the implementation of this policy, may be adopted by procuring agencies.

(ii) adhere the procurement of Telecom products by Government Ministries/ Departments or agencies under their administrative control and in Government Telecom Projects

(iii) wherever the domestically manufactured telecom products are procured under this policy by a Government Ministry or Department or an agency thereof or for telecom products, such procurement shall be subject to matching of L1 price and on satisfying technical specifications of the tender.

(iv) In case of the domestic manufacturer is not lowest bidder (L1), the specified part of the tender would be awarded to the lowest technically qualified domestic manufacturer, subject to matching with L1 price, if such bidder is available. The remaining part will be awarded to L1 bidder.

(v) It is not necessary that each tender for the procurement of telecom product is split between domestic and non-domestic manufacturer. If a tender cannot be split, either because the unit of procurement is small or because of technical reasons, or because no domestic manufacturer is available for the product, the procuring agency may ensure that the annual requirement of procuring the specified extent of telecom products from domestically manufactured products is achieved through suitable enhancements in other tenders.

(vi) The tender conditions would ensure that domestically manufactured telecom products are encouraged and are not subjected to restrictive products specifications are mandatory requirement of prior experience. The procuring agency may also rationally identify and evaluate predatory pricing by any bidder. However, procuring Department or Agency may incorporate such stipulations as may be considered necessary to satisfy themselves of the security, production capability and product quality of the manufacturer.

8. In case of a question whether an item being procured is a telecom product to be covered under the policy, the matter would be referred to the Telecommunications Engineering Centre (TEC), Department of Telecommunications for clarification.

9. The guidelines as notified by the Department of Electronics and Information Technology shall be followed for this purpose. In case of any doubt in respect of Telecom Products, reference shall be made to Telecommunications Engineering Centre (TEC), Department of Telecommunications or technical auditor as accredited by the Telecommunication Engineering Centre, Department of Telecommunications for the purpose.

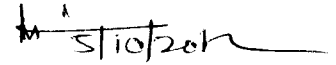
10. The expressions or abbreviations used in this Notification have been detailed in the list below for easy understanding.

List of Acronyms used in the notification

Sl No.	Acronyms	Expansion
1.	2G	Second Generation
2.	3G	Third Generation
3.	4G	Fourth Generation
4.	5G	Fifth Generation
5.	ADSL	Asymmetrical Digital Subscriber Line
6.	ATMP	Assembly, Testing, Packaging And Marking
7.	BOM	Bill Of Material
8.	BSC	Base Station Controller
9.	BSS	Base Station Subsystem
10.	BTS	Base Transceiver Station
11.	BWA	Broadband Wireless Access
12.	CDMA	Code Division Multiple Access
13.	CN	Core Network
14.	CPE	Customer Premises Equipment
15.	CWDM	Course Wavelength Division Multiplexing
16.	DAS	Distributed Antenna System
17.	DeitY	Department of Electronics and Information Technology
18.	DSL	Digital Subscriber Line
19.	DSLAM	Digital Subscriber Line Access Multiplexer
20.	DWDM	Dense Wave Division Multiplexing
21.	DXC	Digital Cross Connect
22.	EIR	Equipment Identity Register
23.	EMS	Electronic Manufacturing Services
24.	EPABX	Electronic Private Automatic Branch Exchange
25.	FTTH	Fiber to the Home
26.	GGSN	Gateway GPRS Support Node
27.	GMSC	Gateway Mobile Switching Centre
28.	GPON	Gigabit Passive Optical Network
29.	GPRS	General Packet Radio Service
30.	GSM	Global Standard For Mobile
31.	HLR	Home Location Register
32.	HSPA	High Speed Packet Access
33.	IMS	IP Multimedia Subsystem
34.	IP	Internet Protocol
35.	LAN	Local Area Network
36.	LTE	Long Term Evolution
37.	MGW	Media Gateway
38.	MME	Mobility Management Entity
39.	MPLS	Multi-Protocol Label Switching
40.	MPLS-TP	MPLS Transport Profile
41.	MSAN	Multi-Service Access Node
42.	MSC	Mobile Switching Centre
43.	MUX	Multiplexer
44.	NGN	Next Generation Network
45.	NG-PON	Next Generation Passive Optical Network
46.	NFS	Network for Spectrum
47.	NOFN	National Optical Fibre Network
48.	OAN	Optical Access Network
49.	ODF	Optical-fiber Distribution Frame
50.	OFC	Optical Fibre Cable
51.	OLT	Optical Line Terminal
52.	ONT	Optical Network Termination
53.	ONU	Optical Network Unit
54.	OTN	Optical Transport Network
55.	PABX	Private Auto Branch Exchange

56.	PDH	Plesiochronous Digital Hierarchy
57.	PON	Passive Optical Network
58.	POTP	Packet Optical Transmission Platform
59.	RAN	Radio Access Network
60.	RLC	Radio Link Control
61.	RNC	Radio Network Controller
62.	ROADM	Reconfigurable Optical Add-Drop Multiplexer
63.	SDH	Synchronous Digital Hierarchy
64.	SONET	Synchronous Optical Networking
65.	STM	Synchronous Transport Modules
66.	STP	Signal Transfer Point
67.	TDM	Time Division Multiplexing
68.	USOF	Universal Service Obligation Fund
69.	VDSL	Very High Data Rate Digital Subscriber Line
70.	VLR	Virtual Location Register
71.	VSAT	Very Small Aperture Terminal
72.	WCDMA	Wideband Code Division Multiple Access
73.	WDM	Wavelength Division Multiplexing
74.	Wi-Fi	Wireless Fidelity
75.	Wi-Fi AP	Wireless Access Point
76.	WiMAX	Worldwide Interoperability For Microwave

[F.No. 18-07/2010-IP]



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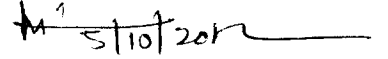
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