RAJESH TULI
Managing Director

To,

The Principal Advisor,
Telecom Regulatory Authority
New Delhi.   **Dated: 10-01-11**

Subject: Comments submitted from Coral Telecom Ltd

Reference: TRAI Consultation Paper No: 17/2010 on "Encouraging Telecom Equipment Manufacturing in India" Dated 28th, December, 2010

Dear Sir,

With reference to the above subject and the Consultation paper on **"Encouraging Telecom Equipment Manufacturing in India",** we have enclosed our response on the TRAI note as has been desired.

We hope you would appreciate our thoughts on the same and the dire need of a creation of an ecosystem to support indigenously developed telecom products.

Thanking you for taking up the cause in the Nation's interest and we look forward to meet you and discuss further in person.

Thanking you,

Regards,

Thanking you,
Regards,
For **Coral Telecom Ltd.**

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Coral Telecom Ltds' Response to TRAI Consultation Paper No.17/2010 on Encouraging Telecom Equipment Manufacturing in India

TRAI has prepared a very comprehensive paper on this subject that covers various demands that have been put up by several stake holders at various forums.

One of the subjects that the comprehensive manuscript has missed out is **"allocation of a small frequency band for use of Indigenous GSM equipment".** This is important if India wants to create an environment that will encourage design & manufacturing in Telecom space.

TEC has recommended this in one of their recent papers prepared on this subject.

Our case

If we have to design Indian "GSM switching systems", then an ecosystem has to be created for their deployment in "non core" or private networks like a GSM PBX. This is important because it may be difficult to adopt new products, directly in the Core networks of Telcos.

GSM has become the predominant technology and India must develop products in that space. It would be extremely challenging to expect implementation of new designs in the core networks of telecom operators, hence a need to provide an enabling environment where new Indian designs could be commercialized while in stages of evolution to become full-fledged "Class 5' switches. Government must encourage such efforts by allowing small Private operators to provision mobile telephony services on private networks within a campus, backhauled on PSTN / GSM or VoIP, just like a PBX in an office.

As there is no conflict between a PBX and a land line operator, in fact they are complementary products because PBX acts as a traffic concentrator for the Telecom Company. Exactly the same way we should create an enabling environment to deploy small GSM switches that are seamlessly connected to the Telco's MSC over a PRI that supports inward dialing.

This could be made possible by earmarking of a small portion of the spectrum (may be 3 MB) in the GSM / CDMA band for provisioning of "Private mobile networks". Development & commercial deployment for these "non-core" telecom networks will be the starting point of Indian GSM solutions.

Other thoughts

If we sincerely want to encourage Indian design efforts then, no amount of R&D support and financing can help unless commercial revenue models are opened up for domestic designers. R&D funds are being surrendered each year by C dot / DIT / DST. Annual reports of TDB / DST will show successful R&D but there is no telecom gear with "Made in India" label shows that problem is not in funding R&D but in commercialization.

There is a need to create market pull for Indian products that can be achieved by some of the following steps

    a. **M**andate all telecom network operators (PSU, Private) to buy a minimum of 30% of their equipment which are Indian products

    b. Reserve the deployment of only indigenous products for government funded projects, especially, for the security related networks, as it does not contravene any of the provisions laid down by WTO.

    c. Incentivise the Telecom service providers to the extent of 13% of the value of material Indian telecom gear purchased. This amount is equal to the disability factor faced by Indian manufacturers.

    d. Rural deployments can be reserved for deployment of Indian design & manufacturing efforts. Relatively newer products designed locally can get domestic grooming in these "non-core or peripheral networks" initially.

    e. Accord preference and relax eligibility conditions in tenders for granting orders to indigenous manufacturers as newly designed product is not expected to have the required experience.

Create some barrier for foreign products.

Exactly on lines of Brazil, TEC in India could be the deciding body to levy higher local taxes for telecom products that are either available in India or can be potentially manufactured in India

Create Equivalents of Huawei in India that are well supported by the GOI.

As a state policy China supports deployment of end to end telecom networks in African countries by extending ten year deferred credit or loans or grants. This provides a strategic influence / control of China on a critical infrastructure in these countries. India may not be able to do so for private companies but TCIL or ITI could be leveraged & supported with liberal soft credits & grant in aids to these economies as long as they deploy solutions with 70% Indian products. Indian manufacturers will work with these PSUs & create a very aggressive team to increase Indian influence in Africa.