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July 19, 2022

Shri Gaurav Masaldan  
Joint Secretary (Customs)  
CBIC

**Subject:** Request for Customs Relaxation on Import of Sample Products under MTCTE

Respected Sir,

***Greetings from MAIT!***

At the outset, MAIT would like to take this opportunity to thank CBIC for its continued support to the electronic industry.

This is to apprise you that the Mandatory Testing and Certification of Telecom Equipment (MTCTE) scheme was notified in September 2017 for implementation by the Telecommunication Engineering Centre (TEC). The current procedure states that the scope of certification covers all types of Telecom/related ICT Equipment to be sold in India for being connected or capable of being connected to Indian Telecom / Communication Network.<sup>1</sup>

We are writing this to draw your attention on the ongoing issues pertaining to MTCTE testing on Import of Sample Products which are impacting the business continuity of electronic ecosystem in the country.

Further, the Sample product which are being imported for testing purposes should be exempted from Customs Duty as these products are not meant for any commercial sales in the country and many of them are totally destroyed during the testing process.

Some of the reasons for industry's request for customs' relaxations include:

1. **Product Destruction:** Testing under MTCTE, if done sequentially (Technical followed by EMC/EMI and Safety) leads to marginal destruction of the product, deeming it unfit for further use or re-export.
2. **Long testing duration:** If an OEM/importer wishes to leverage customs duty waiver on the tested samples, they are required to send back the samples to the country of export/other location within a stipulated timeframe. However, under MTCTE, a product is to be tested for a range of test requirements which includes Safety, EMI/EMC, functional, interface, radio frequency, IPV6, etc. The time required to test a sample for all the above listed parameters is quite long. In such cases the product imported for testing cannot be sent back within the specified timeframe.
3. **High logistics/freight cost for returning the tested samples to the country of origin:** As mentioned above, if an OEM/importer wishes to leverage customs duty waiver on the tested samples, they are required to send back the country of export/

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<sup>1</sup> <https://tec.gov.in/pdf/MTCTE/MTCTE%20PROCEDURE%20ver%202.1%20Release%20May%202021.pdf>

other location. Once a product is tested, the product cannot be used for any commercial purposes. The tested samples do not have any economic value. The cost incurred for returning such tested samples to the country of origin would cost the OEM more money than the customs duty paid while importing the sample.

4. **Sole purpose of testing:** The products imported are not meant for sale and will be in most cases scrapped once the intended purpose is achieved. A product once used for testing cannot be sold to any consumer as it would result in consumer dissatisfaction and may damage brand reputation.
5. **High cost to OEMs:** The quantum of products that are and will be covered under multiple MTCTE phases significantly contribute to the high costs, which include product, testing, certification, freight and relevant import duties.

### **Industry Ask**

For ease of facilitation of product samples entering India for testing, we request the following:

**Waiver of duties on samples** that enter India for MTCTE testing and certification purpose. When an OEM imports a sample for such testing, the Bill of Entry filed for such sample would explicitly state the purpose of import differentiating it from other imports. The OEM can also provide a self-declaration clearly stating the purpose of the import. We request the import to be allowed "duty free." Currently, there is no provision under Customs Law basis available notifications and circulars to allow duty free imports of samples for such testing / certification. The procedure for obtaining waiver of all import duties (BCD, SWS, IGST) should be simple and not subject to any interpretation.

Precedence in Indian law:

- MTCTE procedure already exempts TEC certification for equipment being import for R&D or as samples for testing or for demonstration purpose (Section 4.3 of MTCTE procedure V-2.1)
- There are few precedence in the customs' laws such as for products that enter India for the purpose of R&D (Customs Notification 52/2003), SEZ Rules 2003

### **Other Customs notifications include**

- 153/94 - temporary import for repairs
- 134/93 read together with Section 65 of Customs Act – temporary import for testing, recalibration, pre-processing in bonded warehouse
- 157/90 under ATA Carnet

We are sanguine that the above submission and comprehensive recommendations made would be accepted in toto for the benefit of Ease of doing business in the country.

With regards,



Col. Ali Akhtar Jafri, Retd.  
Dy. COO  
(Acting Director General - MAIT)

CC: Shri R Ananth, Deputy Secretary (Customs)