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April 05, 2023

Shri Anand Singh
Jt. Secretary
Department of Telecommunications

Subject: Issues pertaining to Circular No.08/2023 reg Telecom Equipment issued on March 13, 2023 & Industry Recommendations

Respected Sir,

Greetings from MAIT!

Thank you for giving us time to meet you today to discuss issues pertaining to Circular No.08/2023 reg Telecom Equipment issued on March 13, 2023 & Industry Recommendations

While the Circular has resolved some ambiguity on the tariff interpretation of telecom equipment, however, the industry feels that there are some specific issues w.r.t. Circular which are critical and need to be addressed. The issues are mentioned below:

1. Technology-based vis-à-vis product-based identifications

The notification has enlisted several identifiers in Annexure 2 proposed for use from the time of filing import declarations. It must be noted that technology is dynamic in nature and increasingly converging. Therefore, for any product, there could be multiple technologies that can be used as identifiers. Further, there are several products that are brought under the erstwhile category 'Others', which will need to be identified as both Z-Others and/or other technologies mentioned in the list.

2. Queries on reclassification of products

There could be scenarios where products classified under other tariff codes may also have a combination of one or more of the technologies indicated in Annexure 2. Hence, there is a risk that queries will be raised by field formations to re-classify such products which are classified currently in other tariff codes by importers under these 2 subject HTS codes.

3. Ambiguity on existing duty rates/exemptions

The industry has been duly following the current regulations and any exemption notifications – code and tariff – as guided under WTO ITA1 Agreement and any other provisions as may be applicable. This provides clarity on the duty structures and exemptions on telecom products. We fear that the proposed identifications, will create confusion during customs clearance of the products due to additional queries from FAG/PAG. This will lead to ambiguity on duties to be paid and industry stands to lose exemption status of select products, thus impacting business competitiveness.

4. Alignment with domestic testing mandates

As you may be aware, the industry is currently in the process of getting multiple telecom products tested and certified under the Mandatory Testing and Certification of Telecom Equipment (MTCTE). These products are tested against Essential Requirement (ER)

documents, which enlist the testing requirements for any said products, defined by the Telecom Engineering Centre. The industry has recently aligned its products as per the definitions of the Essential Requirements and the said tariff codes. It must be assessed if the identifiers proposed by the latest circular are in alignment with the ERs and will not impede the import of the certified products.

5. Unrealistic timeline for compliance

The proposed timeframe for compliance proposed in the notification is April 1, 2023. It is very time consuming for an organization to assess their products IDs, which are imported (*which may be hundreds or even thousands in some cases*) according to the said technologies in the Annexure 2 and change their processes to submit this information from the time of filing import declarations. It is impossible for technical team of any organization to commence compliance with this requirement within the said timeframe

6. Penalties on non-compliance

The said notification is unclear about the status of penalties on non-compliance, misdeclarations, etc. And the procedures for filing of the same.

Following are the industry requests:

1. **Request CBIC to hold consultations** in the presence of Department of Telecom, tariff & product/technology experts, and all relevant industry representatives to understand challenges, convergence in technologies, etc.
2. We also request CBIC to extend the compliance requirement by a minimum of **six months** for industry to adequately prepare themselves.
3. Further, we humbly request to give **relevant instructions to PAG/FAG** on the intent/purpose of this circular and the status of current exemption notifications vis-à-vis this circular, as the queries from PAG/FAG has already started to be raised.

We look forward to your positive consideration of our requests.

Warm regards,



Col. AA Jafri, Retd.
Director General