



## **BSNL scraps \$10 billion mobile lines tender**

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New Delhi: The board of the state-owned Bharat Sanchar Nigam Ltd (BSNL) decided on Friday to cancel the \$10 billion mega tender to procure telecom equipment for 93 million GSM (global systems for mobile communications) lines.

The telco will now have to call for a fresh tender to be able to expand its capacity and compete with private players.

BSNL's decision is based on a recent report prepared by a panel headed by Sam Pitroda, advisor to Prime Minister Manmohan Singh. Communications minister A Raja had opposed scrapping of the tender.

Pitroda, who first came to limelight during Rajiv Gandhi's tenure and is referred to as a telecom and IT czar, was asked by the PM to settle two thorny issues in the telecom sector — get the auction for 3G spectrum going and formulate a roadmap to revive BSNL.

While the revised dates for 3G auction have been set (though after missing the target for the current financial year) following several meetings between Pitroda and the group of ministers headed by finance minister Pranab Mukherjee, it is yet to be seen whether the new schedule can be adhered to or not.

As per the DoT schedule, 3G auction would begin on April 9, 2010.

As for BSNL, the Pitroda committee recently came out with a 15-point recommendation for the PSU, one of which was about scrapping the 93-million line tender. The BSNL board, which met

in the capital on Friday, decided to accept the Pitroda Committee recommendation on the tender issue. Now the DoT will have to take a call on the matter.

Besides recommending canceling of the GSM tender, the Pitroda committee also said that 30% government stake in BSNL should be divested, instead of the proposed 10%. The BSNL employees' union has been up in arms against any disinvestment of the PSU, citing job losses. Among other things, the Pitroda panel has suggested shedding of the BSNL workforce by 1 lakh.

As for the GSM tender of BSNL, it was floated more than two years ago to expand the GSM lines of the state-owned telco. However, due to various bureaucratic red-tapism over the tender, BSNL's expansion was stalled. As a result, BSNL was able to add much fewer mobile subscribers compared with private players like Bharti and Vodafone.

Recently, the BSNL tender came under scrutiny of the Central Vigilance Commission (CVC), which recommended scrapping of the tender. But, communications minister A Raja is learnt to have written to the PM, saying that the tender should not be scrapped. It was then that the PM asked Pitroda to handle the BSNL mess.

The controversy was mainly over lack of competition and transparency in the BSNL tender process. Swedish equipment maker Ericsson and Chinese company Huawei were the only players left in the end for supplying equipment to BSNL across various regions, after Nokia Siemens, ZTE and Alcatel Lucent were disqualified on technical grounds.

As Ericsson and Huawei have been assured of the deal, BSNL could not get the best price as there was no competition for the contract, CVC had pointed out earlier.