

Publication:	The Economic Times	Page No:	07
Place:		Date:	06.01.2014

## BSNL to Seek Nod for ₹3,000-Cr Buy of Network Gear

**KALYAN PARBAT**  
KOLKATA

Bharat Sanchar Nigam Ltd will shortly seek Telecom Commission's approval to buy over ₹3,000 crore of network gear from local suppliers VNL Ltd and Himachal Futuristic Communications Ltd for rolling out GSM networks in India's Naxalite hotbeds, a top telecom department official told ET.

"BSNL will seek TC nod on January 7 before placing purchase orders on both vendors in the 70:30 ratio," said the official quoted above, who is directly overseeing BSNL's mobile network rollouts in regions prone to left wing extremism.

Telecom Commission, which is the highest decision-making body in the communications ministry, will next week review the status of this security-sensitive venture, internally known as the LWE project.

A top BSNL executive said that VNL and HFCL's bids were under evaluation, but declined to reveal bid specifics or the lowest (read: L1) bidder.

Under the tender norms, "the L1 bidder would meet 70% of BSNL's total network gear needs for the LWE project while the L2 bidder would have the option to supply the remaining 30%, provided it matches the L1 price bid," the BSNL executive added.

The Cabinet-approved BSNL venture will be entirely funded by Universal Services Obligation Fund — an independent telecom department (DoT) arm that subsidises rural telecom infrastructure rollouts.

The Cabinet had mandated BSNL last June to establish mobile infrastructure in 2,199 regions prone to Naxalite violence in Andhra, Chhattisgarh, Jharkhand, Odisha, Bihar, Maharashtra, Madhya Pradesh, West Bengal and UP to improve communications and surveillance operations at an approved project cost of ₹3,046 crore. Its decision had come nine days after a Maoist ambush in Chhattisgarh's Bastar district last May in which 27 people, including senior Congress leaders, were killed.

The Telecom Commission wants BSNL to establish mobile connectivity on a war footing in Naxalite territories since security and safety were matters of immediate concern for the government in the run up to general elections which need to be held by May this year.

Another senior DoT official said the LWE project had got delayed due to differences over costs between state-run BSNL and the central funding agency, USOF. While the USOF administrator has pegged the project cost at ₹3,046 crore, BSNL wants to add 16.5% establishment costs and 10% centage components, which would inflate the final cost upwards of ₹3,500 crore. Centage is the profit margin computed on the final project cost.

"We have urged the TC to ensure BSNL is not put to loss after implementing this mobile venture in regions where there is scarcely any business case," said the BSNL executive quoted above. While differences over cost still linger, telecom secretary MF Farooqui had recently said in an internal DoT note that BSNL's demands can be put up for resolution to Telecom Commission after it has started project implementation.

[kalyan.pparbat@timesgroup.com](mailto:kalyan.pparbat@timesgroup.com)



**The Telecom Commission wants BSNL to establish mobile connectivity on a war footing in Naxalite territories**