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Govt Clears ₹3,567-Cr BSNL Project in Naxal-hit Areas

Revised project cost, which is above the ₹2,940-cr estimate by USOF, is inclusive of all applicable taxes except octroi & local taxes

KALYAN PARBAT
KOLKATA

Communications minister Ravi Shankar Prasad has cleared a revised project cost of ₹3,567.58 crore proposed by Bharat Sanchar Nigam Ltd for rolling out mobile networks in nine states affected by Maoist insurgency, according to government documents seen by ET.

The revised project cost is inclusive of all applicable taxes except octroi and local taxes, the documents showed. The revised cost is well above the ₹2,940 crore original estimate pegged by the Universal Services Obligation Fund (USOF) for rolling out mobile networks in 1,836 regions prone to left-wing extremism. The USOF is an

independent department of telecommunications (DoT) arm that will handle both capital expenditure and operational expenditure components of the proposed mobile rollout.

But the telecom minister has cleared the plan as "the scope of the project stands modified and ownership of the assets to be created is proposed to be vested with BSNL to ensure long-term continuity of services".

The revised outlay will meet BSNL's capex needs for mobile networks in the 1,836 sites and opex costs for 2,199 sites over a five-year span, the documents show.

Following the minister's nod, the Telecom Commission, which is the highest decision-

making body in the communications ministry, has asked BSNL to start mobile coverage in the Naxal-prone regions in a year after Cabinet approves the revised cost.

Network rollout will be monitored by the home ministry as it is aimed at beefing up communications and surveillance operations by national security agencies in these regions, especially in the aftermath of several Naxal strikes over the past one year.

The Telecom Commission has recommended Cabinet approval for transferring mobile network assets created in the Naxal-hit regions to

BSNL for ensuring continuity of GSM coverage after USOF stops funding the project after five years.

It is also learnt that the home ministry and the Prime Minister's Office want the project to get underway immediately as "it is of national importance with security considerations," and is running a year behind schedule, a top BSNL official told ET.

The Telecom Commission had recently urged BSNL to invite fresh bids from network gear suppliers after its initial tendering exercise was scrapped over cost issues. The revised project cost is based on

equipment prices discovered in the second round of tendering by BSNL last month.

BSNL has already identified a sizeable number of lower sites in consultation with the home ministry, and will place purchase orders with Delhi-based VNL Ltd and Himachal Futuristic Communications Ltd (HFCL) for procuring telecom gear worth more than ₹2,500 crore after Cabinet approval.

VNL and HFCL emerged the lowest and second-lowest bidders, respectively, for supplying telecom gear for the mobile rollout in the Naxal-prone regions.