

BSNL's 93 mn GSM-lines tender in limbo; cancels Huawei order

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NEW DELHI: In a surprise move, state-run telecom firm BSNL has cancelled the equipment purchase order given to Chinese company Huawei saying the conditions imposed by the vendor are not acceptable, leaving the fate of Rs 32,000-crore capacity addition programme in limbo.

Bharat Sanchar Nigam Ltd (BSNL), after prolonged discussions, had placed order for 20 million GSM lines for the South Zone with Huawei last month.

According to sources close to the development, BSNL's extreme step comes in the wake of the Chinese vendor's conditional supply of equipments. Huawei spokesperson declined to comment.

"There was no scope for accepting conditions as the order was placed after detailed negotiations and as a government owned firm (BSNL) we do not accept conditions," a senior BSNL official said.

When asked about the conditions, the official declined to comment. While for the North and Eastern region, the PSU is still negotiating with another vendor-- Ericsson and has not yet finalised the order.

Sources also indicated that BSNL was weighing various options, including calling fresh bids for adding 93 million GSM lines to its networks.

Officials said, in the process, BSNL would lose further market share to private operators as it may exhaust the remaining capacity in various circles soon.

BSNL today said it had placed purchase order for mobile equipment for 20 million GSM lines for the south zone with Chinese firm Huawei and will not call for any fresh bids.

Last month BSNL CMD Kuldeep Goyal had said the PSU is in advanced stages of negotiations with Ericsson for the north (25 million) and east zone (18 million) and hopes to finalise it soon.

BSNL had chosen the bids submitted by Ericsson and Huawei, while rejecting the offers made by three other vendors -- Nokia Siemens, ZTE and Alcatel Lucent.

Nokia-Siemens had challenged the rejection by BSNL and a final verdict on it is still pending in courts.

The PSU has also come under attack for non-transparency with only one vendor for each region. But BSNL said it was a competitive bidding. "Bids are supposed to be competitive. They are global bids," Goyal had said.

BSNL had floated a tender last year for procuring equipment to expand its GSM network by 93 million lines in four zones -- North, West, South and East. After evaluating technical bids, Ericsson was considered for the North and Eastern regions, while Huawei was offered the Southern region.