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DoT cautions BSNL against Chinese vendors for Rs 5,000 crore contract

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NEW DELHI: The telecom department has cautioned state-owned [BSNL](#) against selecting Chinese vendors - [ZTE](#) and Huawei - for its Rs 5,000 crore contract for 15 million [GSM](#) lines citing concerns raised by the home ministry and the [Intelligence Bureau](#). In its earlier tenders, BSNL had decided that Chinese vendors would only be selected for areas that were not sensitive and did not share international boundaries with China and Pakistan.

But the IB has now pointed out that this criteria of restricting Chinese vendors to select geographies in the country would no longer work as gearmakers were being allowed the facility of remote access, the provision to monitor data and voice traffic on networks from remote locations in India and abroad.

"In the recent past, despite being clearly advised by the [DoT](#) and the expert committee set up by home ministry and IB, not to allow Chinese equipment deployment in sensitive regions like North-East states, allowance by BSNL to ZTE to deploy [wireless broadband](#) network in North-Eastern states is highly objectionable and should not be allowed," said an internal note from the department on this issue. This note also cautions BSNL on Chinese participation in its 15 million lines GSM tender.

The home ministry has raised concerns despite the telecom department unveiling new security norms for telecom gear makers recently. These rules were unveiled to address security concerns especially related to Chinese vendors. The DoT caution may delay the expansion plans of the cashstrapped telco yet again.

In 2010, BSNL had cancelled its 93 million lines contract, the world's largest for telecom equipment. Following the junking of the 93 million lines contract, BSNL had decided to do away with its tender-based equipment procurement process and adopt the 'managed capacity model' followed by private telcos.

BSNL subsequently launched a tender for 5.5 million lines, which barred Chinese vendors initially, only to relaunch the bidding process to include the same, leading to protests from Western bidders resulting in the eventual cancellation of this tender. After this, the telco had attempted a fresh tender for 15 million GSM lines, and Chinese participation in the bidding process has now raised fresh security concerns from the home ministry and the IB.

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