

BSNL floats Rs 40,000 cr tender for 93 mn GSM lines

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NEW DELHI: In what is the world's largest order for GSM lines, state-owned BSNL has floated a tender for 93 million lines. BSNL executives say the total value of the contract could be about Rs 40,000 crore.

Of these, about 21 million lines are reserved for third generation (3G) services. The tender details have already been sent to global network majors, including Ericsson, Nokia Siemens, Motorola, Nortel, Alcatel Lucent, Huawei and ZTE, sources said. The bids of all companies will be opened on July 16.

The BSNL contract is split into three parts of 25 million each for the North, South and West Zones and 18 million for the East Zone. The tender conditions also stipulate that one company cannot be awarded more than two zones, this implies that the maximum order than an equipment major can bag is for 50 million lines.

In a bid to infuse additional competition, BSNL has divided the tender into four components, 2G lines, 3G lines, infrastructure and operating and business support systems (OSS & BSS). This implies, companies can bid individually for any of the four components, or a single company can also bid for all the components.

"This tender is unique in many ways, infrastructure companies, or standalone tower companies can bid only for the infrastructure part. Similarly, IT companies can bid for providing the operational support systems and the business support systems," explained a BSNL executive.

"In the past, we had experiences where network majors bid for the entire contract and in turn gave a raw deal to the third party infrastructure and IT service providers. These clauses will safeguard the interests of these smaller companies," the BSNL executive added.

To put this tender size in perspective, consider this. BSNL currently has a mobile subscriber base of 36 million, while the country's largest telco Bharti Airtel has a subscriber base of about 64 million.

The total CDMA subscriber base in the country is about 75 million. The BSNL contract is equivalent to about 40% of the country's current mobile subscriber base which had crossed the 260 million mark in March 08.

Another BSNL executive said that about 30% of the contract size, which is equivalent to 31 million lines could be reserved for state-owned ITI. However, the executive did not clarify if these 31 million lines would be part of the 93 million lines tender.

"The reservation for ITI is likely to be outside this tender, if this be the case, the actual size of the orders could be 124 million lines," added an industry source. BSNL has been demanding that the government remove this clause as ITI, which has a partnership with Alcatel-Lucent, has failed to deliver in time in the case of the previous orders.