

Scrap GSM tender, go for service model: Pitroda panel to BSNL

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The Sam Pitroda committee has recommended that public sector Bharat Sanchar Nigam Ltd (BSNL) scrap its Rs 30,000-crore tender to procure GSM equipment for 92 million lines and switch instead to a managed services model on the lines of its private rivals Bharti Airtel and Vodafone Essar.

This is said to be one of the world's biggest tenders in the category. As Ericsson remains the sold bidder in the race, it violates the government's procurement rules that call for a tendering race and hence BSNL should not go ahead with the order, the panel has said.

A controversy over the deal had started when intelligence agencies disqualified the Chinese company Huawei from participating in the tender on security concerns and Ericsson became the sole bidder.

BSNL sources said the committee has recommended that the company should expand its network through the "outsourcing infrastructure" model.

Under this, the installation and maintenance of the networks is outsourced to suppliers such as Ericsson and Nokia Siemens Network and the payment is done on the basis of actual usage of a network.

The operator makes very little upfront payment to the equipment supplier and can divert funds to adding subscribers.

Communications Minister A. Raja, who confirmed the development, had wanted that BSNL to place orders with Ericsson and had even approached Prime Minister Manmohan Singh for this after an objection by the Chief Vigilance Commissioner, the anti-corruption watchdog.

The two government nominees on the BSNL board also raised objections to placing the order with Ericsson.

"The government decision of not allowing BSNL to procure Huawei equipment has stalled the whole procurement process," Raja told Hindustan Times. "Now, it is claimed that Ericsson has become the single bidder, which is not true as Ericsson was one of the four bidders when the bids were submitted bids."

The Prime Minister referred the issue to the Sam Pitroda committee. Housing Development Finance Corp (HDFC) Chairman Deepak Parekh and DoT Secretary P.J. Thomas are other members of the committee.

"We are not aware of this report," said BSNL CMD Kuldeep Goyal. "However, we are prepared to meet the immediate needs of the company."