

Drop clauses that restrict local gear companies: DoT to BSNL

By [Kalyan Parbat](#), ET Bureau | 13 Dec, 2013, 04.00AM IST

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KOLKATA: The telecom department has asked Bharat Sanchar Nigam Ltd (BSNL) to drop restrictive clauses that could hinder procurement of network gear from Indian suppliers for the Rs 13,000-crore communications network it is building for the armed forces.

In an internal note to BSNL's chairman and managing director RK Upadhyay, DoT has asked the state-run telco to ensure domestic telecom gear suppliers are not subject to any restrictive tender conditions and that they be encouraged to supply equipment for the armed forces network in step with the preferential market access (PMA) policy.

At present, local procurement rules under the PMA policy apply only to government contracts and not to private telcos. This means telecom public sector units like BSNL, Mahanagar Telephone Nigam Ltd, Bharat Broadband Network Ltd, ITI, Bharat Electronics and RailTel will have to buy a fixed quantum of telecom products from domestic suppliers.

The DoT's diktat to BSNL follows complaints by United Telecoms Ltd and Indian Electronics & Semiconductor Association about "non-adherence to PMA policy in BSNL's tenders" linked to the armed forces communication venture, internally known as the NFS project.

"It has been brought to our notice through representations by United Telecom and IESA that BSNL's tender for procuring telecom gear for the NFS project has conditions that discourage domestic original equipment makers," from supplying equipment, said the telecom department note seen by ET.

So much so, DoT has asked BSNL to comply with PMA rules that mandate all government-controlled procuring agencies to ensure tender conditions encourage local sourcing of telecom products and that domestic suppliers not be subject to "restrictive product specifications or mandatory prior experience" clauses. The development comes at a time when DoT is also examining a proposal from Cellular Operators Association of India (Coai) to exempt government departments and state-run telcos from the local sourcing rules in 2014-15 in the absence of a mature local telecom gear manufacturing ecosystem.

Though Coai is the industry body representing GSM operators like Bharti Airtel, Vodafone India and Idea Cellular, members also include international telecom gear vendors like Ericsson, Alcatel-Lucent, Nokia Solutions Networks, Huawei Technologies and ZTE.

The PMA rules in case of government contracts mandate local sourcing of 24 telecom products classified as security sensitive. But since there is no local manufacturing source for bulk of these products, the Coai had recently sought their exclusion from the PMA list for another year.



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