

Centre to bring in private companies to speed up Rs 20.1k crore National Optic Fibre Network project

By [Kalyan Parbat](#), ET Bureau | 3 Nov, 2014, 10.35AM IST

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KOLKATA: The government has decided to bring in the private sector to speed up the Rs 20,100-crore national broadband project to connect the far-flung areas of the country, a move that follows strident criticism that the department of telecom's (DoT) decision of involving only state-run companies has been a key reason for the three-year delay.

The DoT will shortly move a Cabinet note to mandate [Bharat Broadband Networks \(BBNL\)](#) to appoint an [independent project management consultant](#) that will invite bids from private players including telecom operators to handle cable laying, trenching and ducting operations across 1.5 lakh village blocks in the second and third stages of the [national optic fibre network \(NOFN\)](#) roll-out, a top department [official](#) aware of the matter told ET.

State-run BBNL is the bandwidth supplier and executing agency of the NOFN project. Many global companies such as [Facebook](#) and [Microsoft](#) have shown interest in partnering with the government in various capacities for the NOFN project, especially for the last mile connectivity, through various technological deployments. The telecom commission has recommended that "best-in-class private sector companies" be brought in through the international competitive bidding route since implementation by the state-run firms has been patchy, the official cited earlier said on condition of anonymity.

According to an internal DoT note seen by ET, "barely 1% of the NOFN roll-out target had been achieved till October and the pace requires to be accelerated 50 times over the next 18 months".

The telecom commission's recommendation of involving the private sector came after [telecom secretary](#) Rakesh Garg's recent call for greater coordination between the BSNL and BBNL failed to speed up NOFN roll-out. BSNL had recently complained that expenses incurred by it for deploying manpower, assets and storage space for the NOFN project had not been provisioned by BBNL.

If the Cabinet approves private sector involvement in NOFN, the role of state-run Bharat Sanchar Nigam, PowerGrid and RailTel may be reduced to only handling cable laying, trenching and ducting operations in the first phase across one lakh village blocks or gram panchayats.

The NOFN project, which is being executed in three stages, aims to deliver countrywide high-speed internet connectivity across 2.5 lakh village blocks. At present, BSNL, PowerGrid and RailTel are solely mandated to handle cable laying, trenching and ducting operations across all 2.5 lakh village blocks in the 70:15:15 ratio. This is the most expensive component of the NOFN project.

BSNL, which is responsible for bulk of the cable laying, trenching and ducting work for NOFN, could not immediately be reached for comment.

In a recent consultation paper titled 'Delivering Broadband Quickly', the Telecom Regulatory Authority of India (Trai) had invited suggestions on awarding engineering, procurement and construction (EPC) contracts to private telecom operators through the competitive bidding route to fast-track NOFN, which will be the core internet engine for delivering high-speed internet and government services to the common man under the Centre's Rs 1.13 lakh-crore Digital India initiative.

The regulator had also deplored India's dismal broadband scenario and sought views on leveraging existing private sector access networks to reduce the cost of boosting rural internet penetration.

Another official close to BBNL said the DoT has "no option but to speed up NOFN" since the Prime Minister's Office had advanced its roll-out deadline by six months to March 2016 to ensure the ambitious Digital India initiative meets its 2019 timeline.



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DoT will also seek Cabinet approval for a near 40% escalation in NOFN project cost from Rs 20,100 crore to nearly Rs 28,000 crore, triggered by an upward revision in the last mile optic fibre cable connectivity requirement.

"Last mile optical fibre cable connectivity requirement for NOFN will be higher at 2.4 km per village block instead of the earlier estimated 2 km per block, aggregating 6 lakh route km instead of 5 lakh route km, which is another reason why private companies are proposed to be involved to meet the PMO deadline," said the official.

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