

Red alert over Chinese firms eyeing BSNL cable project

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Under-sea system has defence link, but it's Home Ministry's call

New Delhi, July 12:

Even as Indian and Chinese troops remain locked in a tense military standoff along the Sikkim sector of their border, the prospect of Chinese companies bidding to lay a submarine telecom cable system for the state-owned Bharat Sanchar Nigam Ltd (BSNL), with defence implications, has set off alarm bells in some quarters.

Sections of the government and industry are against allowing Chinese bidders for the cable system between Chennai and the Andaman & Nicobar Islands, but BSNL's detailed notice inviting tender does not prohibit them, sources said.

"The tender for design, engineering, planning, supply and implementation (including management and coordination) of the submarine cable system between mainland Chennai and A&N Island using four fibre pair with 100 Gbps initial traffic capacity consisting of six segments with one being repeatered from Chennai to Port Blair and five unrepeatered segments from Port Blair to 5 different landing points at Havelock, Little Andaman, Car Nicobar, Kamoria & Great Nicobar," the BSNL tender floated on July 7 said.

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Sources said that of the eight fibre cables (four pairs), two fibres will be dedicated to defence use. To some, the prospect of a Chinese company or consortium bidding for, and possibly securing, the tender is cause for concern.

Defence Ministry's stand

However, the Defence Ministry does not appear to share that concern. "It is not up to the Defence Ministry to decide. The Ministry of Home Affairs will take a final call on this issue," a top Defence Ministry official told *BusinessLine*.

Ever since BSNL floated a draft tender in November, after Cabinet approval for the project in September 2016, murmurs have been growing against allowing Chinese firms to bid.

Industry associations, such as the Telecom Equipment Manufacturers Association, have written to the Department of Telecom (DoT) to exclude Chinese players and include at least one Indian company to partner any global company.

However, DoT sources say that since it is a global tender, the government may not have a choice but to select a Chinese firm or one of its partners if their bid is the most attractive. But the maintenance job will not be given to them.

"We have to check all the provisions from a national security perspective," said a DoT source.

"The project may not necessarily go to a Chinese company or partner, but even if it does, rules can be set for the maintenance work." In any case, he said, the fibres to be used by defence will be managed and maintained by defence personnel.

'Aggressive' participation

Industry sources said Chinese firms were set to "aggressively" participate in the bidding process. "Chinese companies have their government's support for such bids. Our government should be wary of giving them tenders that can render

us vulnerable later,” an industry veteran said. Over the next few years, the government also plans to extend the cable to Singapore.

Asked if BSNL would be open to Chinese firms bidding for the project, its CMD Anupam Srivastava said: “The notice inviting the tender is out...the tender is under preparation...and will also be out within a week.”

Global firms such as NSW (Germany), NEC (Japan), Alcatel Submarine Networks (UK) and Tyco (US) may bid for the project, as will Chinese firms such as Huawei Marine (China) and ZTT Submarine, sources said. Among the Indian companies likely to participate are Sterlite Technologies, Himachal Futuristic Communications and Paramount Wires and Cables.

(This article was published on July 12, 2017)