

# THE HINDU Business Line

## DoT agrees to setting up of special purpose vehicle for broadband network roll-out

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*Seeks Cabinet nod for the optical fibre cable project*

New Delhi, Oct. 24:

The Department of Telecom has come around to accepting Finance Ministry's view that a special purpose vehicle should be set up for implementing the national optical fibre broadband project.

DoT was earlier insisting on appointing Bharat Sanchar Nigam Ltd as the agency for executing the project aimed at connecting all the panchayats. However, in a note circulated for the consideration of the Cabinet, DoT has agreed to set up a special purpose vehicle (SPV) of all PSUs that have optical fibre infrastructure.

The telecom regulator had also cautioned the DoT against giving the mandate to BSNL on grounds that it could disturb the level-playing field. "There is a serious risk of anti-competitive behaviour setting into the network management," the TRAI had said in a letter to the DoT in May. But till September, the DoT continued to push its proposal to appoint BSNL as the executing agency because the PSU has over 6 lakh route km of optical fibre, the largest among all operators.

DoT overruled TRAI, but could not sidestep the Finance Ministry. In response to a draft Cabinet note, the Finance Ministry had said that an SPV incorporated under the Indian Companies Act may be entrusted with the execution of the programme. The SPV will select an implementing agency through competitive bidding. This is exactly what the DoT has incorporated in the final note sent to the Cabinet.

A committee headed by Mr Sam Pitroda, Advisor to the Prime Minister, had also suggested setting up an SPV comprising Central public sector undertakings, which already own optical fibre cable. The proposal suggested BSNL, RailTel, Gailtel and Power Grid Corporation as part of the SPV. Private operators can be given equity stake in the SPV later, it was suggested.

The SPV will have the option to raise money from public. The DoT will decide on these issues once the cable is rolled out.

Though the DoT had estimate the cost of the project as Rs 20,000 crore, the Cabinet note is silent on the amount. The note states that as the cable network will be laid over three years in remote areas of the country, it was not possible to put an amount immediately.

The SPV will carry out mapping of the present cable infrastructure and fix the project cost. All of the project cost will be met through the USO fund, which has Rs 18,000 crore and is expected to grow up to Rs 36,000 crore in three years.

### **Broadband special**

#### **SPV**

***to include RailTel, BSNL, PowerGrid and Gailtel***

#### **Private players**

***be given equity later***

#### **Undertaking**

***can raise money from public***

#### **Bidding**

***to decide roll-out of cable network***

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