

ALL UNIONS AND ASSOCIATIONS OF BSNL (AUAB)

No: UA/2020/2

05.05.2020

To

Shri Narendra Modi Ji
Hon'ble Prime Minister,
Government of India
South Block, Raisina Hills,
New Delhi – 110 001

Respected Sir,

Sub: - **Attempts to scuttle BSNL's 4G equipment procurement, which is the lifeline for BSNL - First and foremost requirement for BSNL's revival is 4G roll out and BSNL cannot afford any more delay – requesting your kind intervention - req.**

Most respectfully, the All Unions and Associations of BSNL (AUAB), the umbrella organisation comprising the Trade Unions and Associations of BSNL, wishes to submit the following for favour of your kind information and necessary intervention.

It is needless to state that, BSNL is already lagging behind the private telecom service providers by 4 years, so far as the 4G technology is concerned. Until now, BSNL is providing 2G and 3G services only. Hence, it is losing huge revenue from 4G customers. After a lot of deliberations at different levels and acknowledging the strategic importance of BSNL, in October last year, the Government of India, as a part of the revival package, has decided to allot 4G spectrum to BSNL. The PSU is getting a new lease of life through the approval of the Revival plan. With the view to roll out its 4G services, BSNL has floated a tender on 23.03.2020 for the supply, deployment, and maintenance of 4G equipments at 50,000 sites, at the cost of around Rs 9,300 Crores.

However, we are very much disturbed to come across media reports which state that, BSNL's tender to procure the 4G equipments has hit roadblocks. The reports state that, the Telecom Equipment and Services Export Promotion Council (TEPC), an industry body, has complained to the Department of Commerce that, the BSNL's tendering process has flouted the Government of India's policy of "Make in India" and was heavily in favour of multinational companies. It's not even six months since the revival package was approved. However, there is already an attempt to scuttle the company's ambitious revival plans.

The TEPC has taken exception to some of the conditions of the tender, which stipulates that:

- i) The bidding companies should have a prior experience of having set up a mobile network for at least 20 million 4G lines.
- ii) National Security would be compromised, if BSNL purchases 4G equipments from MNCs.
- iii) The potential bidders should have Rs 8,000-crore turn over in the previous two fiscals.

Further, the media reports also state that, the Department of Commerce and the Department of Telecommunications have directed the BSNL to rework its tender, taking the complaints of the TEPC into consideration.

It is our considered opinion that, the complaint raised by the TEPC is nothing but a ploy to stall the 4G equipment procurement and launching of 4G services by BSNL. We are afraid that, someone in the industry is using these guidelines and such forums as a tool to scuttle the launching of BSNL's 4G services. BSNL witnessed the same situation earlier also,

- i) When 93 million line tender was stopped.
- ii) When M/s Motorola challenged the BSNL's tender.

- iii) Again in 2012-13 when Home Ministry put a ban on BSNL alone for procuring and installing Chinese equipments in the Mobile network having international borders.

Undoubtedly, in the present scenario also certain vested interests are behind the game plan of scuttling BSNL's procurement of 4G equipments. In this connection, we would like to put forth the following views for favour of your kind consideration.

- (i) The condition laid down by BSNL that, a company which participates in the bidding should be having the experience of having provided 20 million 4G lines, is reasonable and is well within the CVC guidelines. 4G being a state-of-the-art technology, BSNL cannot afford to procure sub-standard equipments from inexperienced companies, not having proven technology. Their product is not tested or validated so far. The Indian players do not have experience in managing large mobile networks, even if they have developed 4G technology. Further, the quality standards of their equipments have not been tested.

It will be unfair to direct BSNL alone to buy local 4G equipments, which are largely untested, while letting the private players to provide services with equipments supplied by global giants like Nokia, Ericsson, Huawei, Samsung, etc. If the domestic players are having proven technology, then why they did not insist when other private operators procured the 4G equipments? BSNL cannot afford to have another failed network deployment.

- (ii) All the private operators, viz., Reliance Jio, Airtel and Vodafone Idea are procuring their 4G equipments not from any domestic vendor, but only from multinational companies like Nokia, Ericsson, ZTE, Huawei, Samsung, etc. Domestic companies do not have 4G equipments of world class standards and their products are not tested. When BSNL's competitors are procuring world class 4G equipments from experienced vendors having proven technology, why should BSNL alone be compelled to procure substandard equipments, manufactured by inexperienced vendors, in the name of "Make in India" policy. Even recently, Airtel has awarded a one billion dollar contract to M/s Nokia, for the supply of 4G equipments. The burden of supporting domestic manufacturers cannot be put on the shoulders of BSNL alone, in a highly competitive telecom market.

- (iii) Since BSNL is not supported from USO Fund, or funded by the Govt. of India for this Project and Tender, this Tender and Project does not come under the purview of "Make in India" policy, as per the PMI guidelines. BSNL has proposed to take loan from the banks and purchase the equipments. As per reports, the TEPC has demanded that bidders from other countries should be excluded from participating in BSNL's tender. As per clause 10(d) of Public Procurements (Preference to Make in India) Order 2017, which was revised on 28.05.2018, the Nodal Ministry can restricts or exclude only bidders from such of those countries which had not allowed Indian suppliers to participate in the procurement in their countries. In view of this clause, the demand of the TEPC to exclude bidders from other countries is untenable.

Further, Government can insist only when the project is funded by the Govt of India like LWE project, NOFN project, NFS project etc. The TEPC was silent when other operators procured the equipments from multinational vendors. If the PMI clause is applicable since 2018, how Commerce Ministry allowed other operators to purchase the equipments from multinational vendors since 2018? Why the TEPC did not express it's protest during those procurements? This establishes the malafide intention of the many players involved in this game, as well as their vested interests.

- (iv) The "Make in India" policy should be made uniformly made applicable to all the service providers and not selectively to BSNL alone. As regards, the alleged threat to the National Security, as raised by the TEPC, we would like to state that it is nothing but a lame excuse. All the private telecom operators in India are procuring 100% of their equipments only from the multinational vendors. Even recently, Airtel has awarded one billion dollar contract to M/s Nokia, for the supply of 4G equipments. No one, including the TEPC has raised the issue of National Security when the private telecom companies procured 4G equipments from multinational vendors. Further, majority of

critical transmission equipments deployed by BSNL like Super Core routers are supplied by multinational vendors including Chinese vendors. Similarly the NGN equipments and Mobile equipments are supplied by multinational vendors including Chinese vendors. Further, 90% of the mobile customers are with private operators and hardly 10% is with BSNL. What security threat could the 10% market share of BSNL cause, which is not caused by the 90% of the market share, catered by the private operators? It is understood that, as per BSNL tender, the potential bidding company must be registered and incorporated in India as per the Central Vigilance Commission's (CVC) guidelines.

- (v) The Rs.8,000 crore eligibility criteria is as per the Central Vigilance Commission's (CVC) guidelines, to conform that, vendors should have strong financials. The turnover of almost all the companies under TEPC is less than Rs.1,000 Crore. How can they participate in a tender worth Rs 9,300 crore? Even if they become successful bidder, how BSNL can ensure that, they will arrange thousands of crores of rupees and manufacture and supply the equipments within the time schedule? BSNL cannot make advance payments to these companies, as done for the CDoT etc. in the past. BSNL had put the condition of turnover of Rs.8,000 crore, each in the last two years, just to ensure that the successful bidder is able to invest the huge amount initially, manufacture the equipments and supply it to BSNL well within the time frame. Definitely, it is not to exclude the domestic telecom equipment manufacturers but to ensure that the successful bidder is having the necessary capability to invest the money and manufacture the equipments and supply to BSNL and to protect BSNL's interest. Such eligibility conditions are part of any tender.
- (vi) None of the domestic manufacturers under TEPC is having the critical Core equipments or having the RAN. Then how they can supply 4G Technology and equipments to BSNL?
- (vii) Pricing and Technology are the key factors of any equipment tender. These domestic companies don't have the network to prove their Technology.
- (viii) Naturally the prices will be very high. Pricing of the product is an important component in any tender. The equipments that can be manufactured by any company under TEPC is with much less power. So the number of BTSs and other connected equipments required will be almost double comparing to other multinational vendors supplying the same equipments. The CAPEX for a BTSs is about Rs.12 lakhs and annual OPEX is about Rs.6 lakhs. So the CAPEX and OPEX will be increased manifold, if BSNL is compelled to procure equipments from these domestic telecom equipment manufacturers.
- (ix) Compatibility with the existing network: - BSNL has already deployed about 49,300 BTSs which are 4G or 4G compatible. So the new equipments procured by BSNL should also have the advanced features and there should not be any connectivity issues between the equipments supplied by different vendors which the Indian Companies cannot assure.

All the above mentioned points prove beyond doubt that the concern of the TEPC is not to ensure the effective implementation of the "**Make in India**" policy. The one point agenda of the TEPC appears to be that of stalling the procurement of 4G equipment by BSNL and thereby to delay BSNL's rolling out of Pan India 4G services. In that case, the other private operators are the direct beneficiaries. It will not be difficult to understand which are the forces behind the complaint lodged by the TEPC?

One of the main reasons for BSNL's downfall is the denial of a level playing ground. It is the open admission of Shri Ravi Shankar Prasad, Hon'ble Minister for Communications that, BSNL was not allowed to grow after 2004. When the Indian mobile market was witnessing an exponential growth of 6-10 million new mobile users every month, BSNL with 33.7 million customers, just behind Bharti Airtel and Vodafone-Essar, decided in 2008 to float a 93 million new tender at an investment of \$10 billion, the world's largest telecom equipment contract at that time. But the entire project was scrapped in 2010, crippling BSNL's expansion plans. Without adequate capacity, BSNL was pushed to the fifth spot. The tender for 4G equipment is more crucial than the 2G rollout in 2008, as BSNL is fighting for it's survival now. Quick roll out of 4G services will

give the PSU a chance at cornering the market share. If BSNL is to compete with the likes of Reliance Jio and Airtel, then there has to be a level playing field. Pricing and Technology are two crucial factors in this aspect.

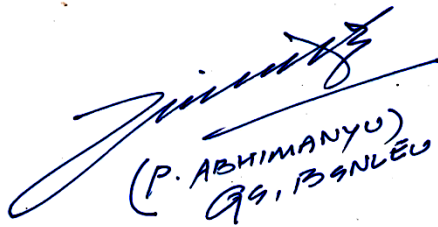
Another attempt was made when M/s Motorola challenged the BSNL tender and managed to stop the tender for about two years when it became ineligible to participate in the tender. Thirdly, in 2012-13, Govt. intervention crippled BSNL again, when it stopped the Mobile tenders in the name of National Security when Govt. did not allow BSNL to procure and deploy equipments from Chinese vendors for the regions having international borders, that also after finalisation of the tender. Interestingly MHA, Govt of India withdrew the order in 2014.

We are genuinely afraid that some forces are at work, to block BSNL's procurement of 4G equipments and thereby stop BSNL from rolling out it's 4G service. This is nothing but defeating BSNL's revival plan, being carried out by the Government of India. BSNL tender should not be delayed as it is very important for the survival of the company and the employees. We are also for promoting the domestic manufactures. Govt. can allot LWE like projects to these companies to begin with. If they are coming out successful, they can allot future works not only by BSNL, but by all the Telecom Operators in the country.

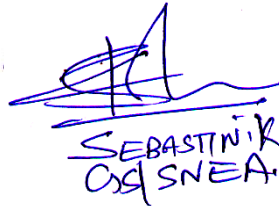
Hence, we fervently appeal to your goodself to kindly intervene in this matter and to ensure that the concerned authorities examine this matter in a time bound manner and allow BSNL to go ahead with the 4G tendering process. **BSNL will have to pay a heavy price for any more delay on the part of the authorities. Launching of 4G services is the lifeline for BSNL and the first and foremost requirement for BSNL's revival.**

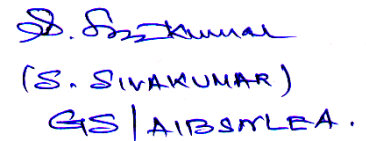
Thanking you.

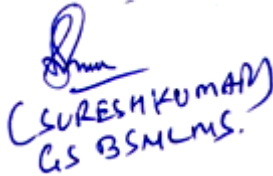
Yours sincerely,

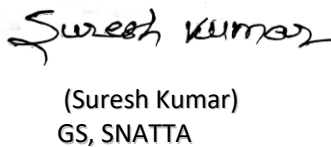

(P. ABHIMANYU)
GS, BSNLEU.

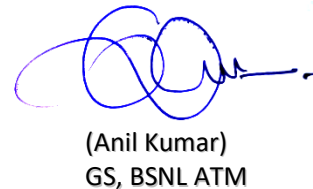

(C. SINGH)
G.S. NFTE

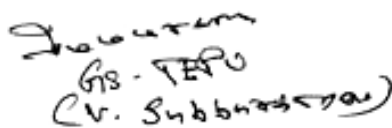

SEBASTIAN
GS SNEA

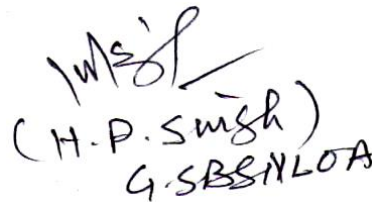

S. SIVAKUMAR
GS AIBSNLEA.


(SURESHKUMAR)
GS BSNLMS.


(Suresh Kumar)
GS, SNATTA


(Anil Kumar)
GS, BSNL ATM


GS - TEPU
(V. Subbaram)


(H.P. Singh)
G.S BSNLOA

- Copy to: (1) Shri Ravi Shankar Prasad, Hon'ble Minister of Communications, Sanchar Bhawan, New Delhi- 110001
(2) Shri Piyush Goyal, Minister of Commerce and Industry, Udyog Bhawan, New Delhi 110 107
(3) Dr. P. K. Mishra, Principal Secretary to the Prime Minister, South Block, New Delhi - 110011
(4) Shri Rajiv Gauba, Cabinet Secretary, Rashtrapati Bhawan, New Delhi, 110004
(5) Shri Anshu Prakash, Secretary, Telecom, Sanchar Bhawan, New Delhi- 110001
(6) Dr. Anup Wadhawan, Secretary, Commerce and Industry, Udyog Bhawan, New Delhi - 110 107
(7) Shri P.K. Purwar, CMD BSNL, Bharat Sanchar Bhawan, New Delhi - 110001