

ALL UNIONS AND ASSOCIATIONS OF BSNL (AUAB)

No: UA/2020/7

15.07.2020

To

Shri -----,

Respected Sir,

Sub: - **Inordinate delay in rolling out BSNL's 4G service due to road blocks created in the procurement of equipments - expeditious implementation of BSNL's Revival Package – appealing for your kind intervention – req.**

Most respectfully, the All Unions and Associations of BSNL (AUAB), the umbrella organisation comprising of the trade unions and associations of BSNL, wishes to submit the following memorandum, 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. Since the Government delayed allotment of 4G spectrum to BSNL, it could not launch it's 4G service on time. Until now, BSNL is providing 2G and 3G services only. Hence, it is losing huge revenue from the 4G customers. BSNL is unable to come out of it's loss, since it could not compete with other operators, who are having 4G technology.

After a lot of deliberations at different levels and also acknowledging the strategic importance of BSNL, the Government of India approved a Revival Package for BSNL and MTNL, on 23.10.2019. The Revival package consists of the following measures: -

- i) Allotment of 4G spectrum to BSNL and MTNL.**
- ii) Land Monetisations for repayment of loans and for meeting the expenditure for network expansion and rolling out of 4G service.**
- iii) Approving of Rs.8,500 crore Sovereign Guarantee to BSNL, for issuing long term Bonds.**
- iv) Implementation of a Voluntary Retirement Scheme for the employees.**

BSNL is expected to get a new lease of life, through the approval of the Revival plan. With the view to roll out its 4G service, BSNL 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. In parallel, BSNL also proposed to upgrade about 49,300 BTSs into 4G, with an expenditure of about Rs.1500 crores. Through these measures, BSNL planned for a massive launching of 4G network, with 1 lakh BTSs, giving excellent 4G coverage throughout the country.

One of the main reasons for BSNL's downfall, is the denial of 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, adding 6 to 10 million new mobile users every month, BSNL, with 33.7 million customers, was just behind Bharti Airtel and Vodafone-Essar. At that stage, BSNL floated a tender to procure 93 million line equipments, at a cost of an investment of \$10 billion. This Tender was considered as the world's largest telecom equipment tender at that time.

But the entire project was scrapped in 2010, which totally crippled BSNL's expansion. Without adequate capacity, BSNL was pushed to the fifth place, so far as customer base is concerned. Another attempt was also made by M/s Motorola, which challenged BSNL's tender and managed to stall the tender for about two years. Thirdly, in 2012-13, Government intervention crippled BSNL again, when BSNL's tender was stopped on the plea of National Security. Thus, the Government did not allow BSNL to procure and deploy equipments from Chinese vendors and that too, after finalisation of the tender. Interestingly, Home Ministry withdrew that order in 2014.

The tender for 4G equipment is more crucial than the 2G rollout, since BSNL is presently fighting for its survival. Quick roll out of 4G service will give the PSU a better chance to expand its market share. If BSNL is to compete with the likes of Reliance Jio and Airtel, then there has to be a level playing field. However, we are very much disturbed, since BSNL's tender to procure 4G equipments and the ambitious plan to upgrade about 49,300 BTSs into 4G, have been cancelled.

Government has directed BSNL to cancel its 4G tender, based on the complaint from the Telecom Equipments and Services Promotional Council (TEPC), which is an industry body. The TEPC has complained that, BSNL's tendering process has flouted the Government of India's policy of "Make in India" and was loaded heavily in favour of multinational companies. The complaint also states that, National Security would be compromised, if BSNL purchases 4G equipments from multinational companies. 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 such forums, as a tool to scuttle the launching of BSNL's 4G service.

Domestic companies do not have 4G equipments of world standard and they also do not have proven 4G technology. It will be unfair to ask BSNL alone to procure local 4G equipments, which is largely untested, while allowing the competitors, viz., the private telecom companies, to provide services with equipments supplied by global giants like Nokia, Ericsson, Samsung, ZTE, Huawei etc. Even recently, Airtel has awarded a one billion dollar contract to M/s Nokia, for the supply of 4G equipments. Hon'ble Finance Minister has also stipulated that, global tenders would not be allowed for procurement upto Rs.300 crore. It is pertinent to mention here that, BSNL's tender is for Rs.9,300 crores.

Now, the Government has formed a 'Technical Committee', to stipulate 4G tender conditions to BSNL. It is already 9 months, since BSNL's Revival Package is announced. Even the upgradation of BSNL's BTSs into 4G BTSs, could have been completed within 2 to 3 months. However, it has not been done. Further, the new tender floated to procure 4G equipments,

has also been cancelled. Thus, BSNL's ambitious Revival Plan has become a big question mark.

BSNL's Revival Package also includes the granting of Sovereign Guarantee to BSNL, for raising Rs.8,500 crore, through the issuing of long term bonds. However, there was inordinate delay in extending this Sovereign Guarantee and only a few days back, the Finance Ministry has approved granting this Sovereign Guarantee.

Another decision contained in the Revival Package is the monetisation of BSNL's surplus lands, for the repayment of about Rs 25,000 crores of loans and for meeting the expenditure towards expansion of network. We appeal that BSNL's surplus lands should be sold only at the market rate and through a trustworthy and transparent process.

Hence, once again we fervently appeal to your goodself, to kindly intervene and ensure the expeditious launching of 4G service by BSNL. We would like to reiterate that, launching of 4G service is the lifeline for BSNL, as well as the first and foremost requirement for the Company's revival. We also appeal to you to kindly ensure the speedy implementation of BSNL's Revival Package, announced on 23-10-2019.

Thanking you,

Yours sincerely,

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