

Rival's pride, owner's envy BSNL Done In By The Government

THE latest probe by the Central Vigilance Commission (CVC) into the BSNL tender for 93 million mobile lines, and the BSNL board's tame decision to put the tender on hold constitute, at best, mindless working of the bureaucracy and, at worst, conspiracy between BSNL's private sector rivals and the company's minders in the government. In either case, the result is an anti-competitive measure that will hobble BSNL even as its rivals race ahead to accumulate millions of customers every passing month. The prime minister's office should intervene to quash the CVC probe and initiate an inquiry into how and why delays in finalising equipment orders over the last two-and-a-half years have cost BSNL at least 30 million customers and \$3 billion in enterprise value. The CVC probe is surprising, to say the least. Barely two months ago, an 'integrity panel' had cleared the telco of irregularities, and an Andhra Pradesh high court ruling too had exonerated the company of wrongdoing. This time around, the CVC is probing BSNL's move to enter into post-tender price negotiations with Ericsson, contravening the anti-corruption body's guidelines. The CVC cares two hoots for the fact that such negotiations are part of all major telecom deals. During BSNL's tender in 2007, post-tender negotiations forced Ericsson to reduce price from \$107 per line to about \$90. If post-tender negotiations lead to a higher price or benefit a bidder other than the one who bid the lowest, one can understand vigilant eyebrows going up. But why should angst take sudden hold of the CVC when negotiations lead to commercial benefit for the company, while retaining the integrity of the bidding process in relation to selection of the winner? Chasing every shadow of corruption off the chaste forecourt of public enterprises is, no doubt, a noble mission. But that cannot be an alibi for wrecking the said chaste public enterprise.

In 2005, BSNL had added more subscribers than Bharti Airtel and by mid-2006, it was within striking distance of being top dog among mobile service providers. That was when BSNL decided to float a tender for new GSM lines. Since then, court cases, ministry interventions and

... court cases, ministry interventions and now a CVC probe have kept the tender afloat. This will kill the company financially, unless the PMO intervenes right now.