

“ BSNL ails with many diseases ” Report in the press

The Prime Minister's Office and many in the corridors of power want to know what ails the BSNL. The government is worried about the continuous fall of the firm, once regarded as a crown jewel among public sector undertakings.

Insiders claim that the BSNL is being systematically destroyed by a political-bureaucratic nexus to favour vendors and bidders.

One after another, alleged scams have engulfed the BSNL into controversies. It is being alleged that the top brass at the BSNL has risked national interests by siding with Chinese vendors. The 93-million-line GSM tender awarded to a Chinese company early last year had seen all twists and turns of a cheap thriller.

Starting from awarding the deal behind closed doors with a single party bid, the high drama led to disqualifying international giants on flimsy “technical grounds” to ignoring the express advisory of the Defence Ministry and RAW.

Despite the Chinese company's reported links with the Chinese army, its “tainted past” and being blacklisted in the US, the UK, Japan and Australia, the BSNL flouted all warning and signals to award the contract and had to be finally stopped only under extreme pressure from the PMO. But, the Chinese company, for strange reasons, still continues to be BSNL's “preferred vendor” for WiMAX equipment in the border states like Rajasthan and Punjab.

Similarly, within weeks of allotting the 2G spectrum licence to Swan, Telecommunications Minister A. Raja had helped it have a strategic arrangement with the BSNL, literally for free. An MoU between the BSNL and Swan, called the Intra-Circle Roaming Agreement, does not indicate even a nominal sum that the BSNL is charging for sharing its infrastructure.

Last year, the BSNL aggressively pursued acquisition of 46 per cent of the Zain group for \$13.7 billion, together with a consortium comprising Malaysian billionaire AI Bukhary and a little-known Vivasi Telegence Limited (VTL) of India - interestingly both lacked mobile operator experience.

A nine-member government joint committee set up to assess the project expressed the opinion that the proposal did not “merit consideration” as VTL was in losses and had a negative networth. Despite this, the management of both BSNL and MTNL, in defiance of joint committee's decision, wrote a letter to the VTL group on October 3, 2009, expressing keenness to participate.

And, immediately after the CBI raids in later part of 2009 to unearth the Rs 60,000 crore 2G scam, BSNL bigwigs took the hint and rushed to pull out of the deal. Industry experts allege that this was orchestrated to siphon out \$10 billion from the BSNL and the MTNL (wiping out their entire reserves) to facilitate this acquisition.

The BSNL's Rs 1,000 crore rural tender for WiMAX is also mired in controversy, as a firm, which was the fourth lowest bidder, has been put under the scanner of the



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Directorate of Revenue Intelligence for evasion of duties by its parent company while importing equipment for an earlier BSNL contract.

A year ago, the government favourably allotted 3G and WiMAX spectrum ahead of private operators and still the BSNL has not captured the first mover's advantage due to repeated cancellation of Expression of Interest to select WiMAX franchisees for its broadband project.

BSNL is not only the second biggest employer after the Defence, it is also the lifeline of communications across the country. "The systematic and planned blows at the very foundation of its structure will cause serious damage to the national security and national communication infrastructure," says a former top Telecom Ministry bureaucrat.

Putting the BSNL on saline is not a solution, feel several industry experts. In their view, it needs to be cured of the malaise that is dogging it, and that requires not just getting rid of failed captains and "political allies", but establishing a lesson for those who take the hot seat next - the term of Kuldeep Goyal, chairman-cum-managing director ends this June. Otherwise, many fear that BSNL soon in future may stop connecting India.

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