

JOINT FORUM OF BSNL & MTNL **UNIONS / ASSOCIATIONS**

PRESS RELEASE

2nd July 2007

Provide 45.5 Million GSM Lines to the people

Agitation in case of delay

The 3,60,000 non-executives and executives of BSNL & MTNL will go on direct action, if the Government and Management do not issue immediate necessary orders for the 45.5 Million GSM Lines which are in dire need to be provided to the people, who have been waiting for a long time to get the connections.

In order to implement the Government target, the BSNL in August 2005 decided to order 60 Million GSM lines to be provided in two phases. A committee was formed in October 2005 and tender document was floated by 22nd March 2006 for 45.5 Million GSM Lines. Even though the Management finalized the tender on 9th October 2006 with successful Bidders - M/s. Ericsson and M/s. Nokia, due to case filed by M/s. Motorola, no order could be issued. M/s. Motorola withdraw the case on 16th April 2007. Despite the fact two months are over, the Management has not issued any orders for procurement of the lines. Even if the order is made, it will take about more than 10 months for supply to the BSNL. It is understood that the order is delayed because the Ministry has not approved it so far.

The two months delay in procuring the equipments has already caused much loss to BSNL. The company which was in second position in Mobile Sector has come down to the 4th position during the last few months. While the private companies are directly purchasing equipments from the venders without global tender etc, a PSU like BSNL has to float global tender, get approval of the Ministry, Minister, etc. Now that the tender has been finalized and M/s. Motorola withdraw the case, we are at a loss to understand why the Minister is not giving approval for the order. It is already reported by the Media that the Minister is thinking of canceling the tender on the ground of loss to the company to the tune of Rs.1800 crores. But if the order is not issued now, the loss to the BSNL may be more than to the tune of 30,000 crores of rupees during the next 2 years till the equipments are brought after a new tender.

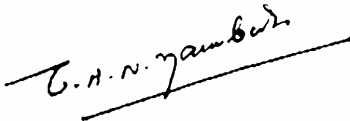
The 3,60,000 BSNL / MTNL workers are very much agitated over the delay. They have already sent about 10,000 of telegrams to the Prime Minister and Minister of Communications, protesting against the delay and demanding ^{immediate} ~~minimum~~ order for the 45.5 Million GSM Lines, a tender for which was already finalized by 9th October 2006. In case of any further delay, the workers under the Joint Form of BSNL & MTNL Unions / Associations of executives and non-executives will go on direct action.

There is no demand of wage or any other benefits for the employees. This agitation is only to ensure that BSNL is able to meet the huge demand of the people of this country for the BSNL GSM connections.

We demand the Minister and the Management to take immediate decision to order for the 45.5 Million GSM Lines and provide Mobiles to the people at the earliest, failing which the employees will be compelled to resort to direct action.

Thanking you,

Yours Sincerely,



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THE UNJUSTIFIED DELAY IN TENDER OF 45.5 MILLION GSM LINES FOR BSNL

Unjustified Delay

- 31st August 2005** : Board of Directors decided to tender for 60million GSM lines with order in two phases.
- 5th October 2005** : Committee was formed for preparation of the tender document.
- 31st January 2006** : BSNL Board decided to get the tender document vetted by a team of independent experts.
- 22nd March 06** : Tender was floated by BSNL for a capacity of 45.5 M Tender.
- 12th June 2006** : Bids submitted by five vendors M/s Ericsson, M/s. Motorola, M/s. Nokia, M/s. Siemens & M/s ZTE.
- 9th October 2006** : Opening of Financial bids of three Techno-commercially successful Bidders - M/s. Ericsson, M/s. Nokia & M/s. Siemens. On the same day, M/s. Motorola approached Delhi high Court against their disqualification.
- 16th April 2007** : Case against BSNL was withdrawn by M/s. Motorola.
- 25/26th April 2007** : Committee for Evaluation of Tender (CET) submitted report to BSNL Management.
- 12th May 2007** : BSNL Board approved the CET report. At the same time, APO was ready for release.

Independent Experts in the Vetting Committee

With a view to ensure transparency, universality and equality for all bidders, conditions are not tilted toward any one particular company or vendor and also to ensure that the conditions are such that they generate adequate competition for the tender, a committee of the independent experts stated below was formed by the Ministry:

- Shri. P.P.Ramachandran, Former Member (Production), Telecom Commission.
- Shri. N.Parthasarathy, Former Member (Finance), Telecom Commission.
- Dr. D.B.Pathak, Professor, IIT, Mumbai.
- Shri. P.S.Narsimha, Sr.Counsel, Supreme Court, New Delhi.

Estimated Loss due to delay

- 60 Million Capacity (45.5M Tender + 14.5M Reserve quota to ITI) meant to be utilized within 3 Years (36 Months). It means 60 divided by 36 is equal to 1.67 Million Cellular subscribers per month to be added in BSNL's network. It is quite feasible as BSNL added more than 1 Million in the month of March 2007.
- Even if, the Ministry clears today, the case for placing PO, delay to the tune of 2 months is already caused. The subscribers will not wait for BSNL but will take connection from competitors causing permanent revenue loss to BSNL.
- ARPU of BSNL's Cellular subscriber during last quarter was about Rs.328.
- The loss of revenue de to day of 2 months alone comes to the tune of Rs.110 Crores (1.66 Million Subscriber x 2 months x ARPU Rs.328).
- If tender is cancelled, it will take about 24 months again causing irreparable loss and death of BSNL. FOR 24 Months the recurring loss will come more than Rs.30,000 ~~Million~~ Crores.

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