

BSNL isn't up to building a defence telecom network

While the government takes a call on whether or not it has R21,000 crore to give BSNL for a one-time VRS for around a lakh employees along with sundry other concessions adding up to several more thousand crore rupees, it also needs to take a hard look at the larger costs of the favouritism shown to PSUs like BSNL. Under an agreement signed with the defence ministry in 2009, the telecom ministry was able to get the defence ministry to vacate 40 MHz of vital spectrum in return for a promise to set up a dedicated optical fibre network within a period of 36 months. The network was to be jointly built up by MTNL and BSNL. It's been 40 months already and, believe it or not, BSNL has not even started work on the project; indeed, it has just cancelled its tender for this project for the third time. What's worse, after getting a reservation for PSU telcos BSNL and MTNL in 2009, the telecom ministry tried to get even more benefits and argued that 30% of MTNL-BSNL's work orders be mandatorily placed on ITI, another PSU. With the defence ministry putting its foot down, the matter was supposed to have died a natural death. In a letter to the telecom secretary protesting the delay, the defence ministry has pointed out the telecom ministry is once again trying to bring in the ITI reservation clause.

At a time when the armed forces are willing to buy equipment produced by Indian firms and their JVs with foreign suppliers and when the National Security Council is in favour of involving private firms in developing more telecom equipment on grounds of national security, what's not clear is why the optic fibre network for the armed forces has to be built only by MTNL-BSNL who have, for one reason or another, proved completely incapable of delivering anywhere near schedule. Apart from the problem this has caused the defence ministry, the PSU telco fiasco has ramifications for the future as well. India has a shortage of spectrum for both 3G and BWA and needs the defence ministry to release more spectrum. If a three-year-old promise is nowhere near being kept, what are the chances of more spectrum being released by the armed forces? Were private sector players to be allowed to build the network, chances are it will get completed in a far shorter time.