

18 SEP, 2011, 04.41PM IST, PTI

## BSNL likely to scrap 15 million line GSM tender due to poor response from private vendors

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NEW DELHI: Loss-making state-run telco [BSNL](#) is likely to scrap its 15 million line [GSM](#) tender due to the poor response from private vendors to the estimated Rs 5,000-6,000 crore equipment supply contract.

"The 15 million GSM tender floated by state-run BSNL is likely to be scrapped as only two or three private vendors have shown interest in the e-tender process," a [Department of Telecom](#) official said.

According to telecom market experts, the 15 million GSM line tender is estimated to be worth around Rs 5,000-6,000 crore.

"One of the reasons for the low interest shown by the private parties could be that BSNL divided the whole country into six zones for this tender... (and interested parties) will bid for this in a segregate manner, rather than for pan-India," the source said.

However, when contacted, BSNL CMD R K Upadhyay said, "As of now, there is no such plan to scrap the tender... The process is evolving."

BSNL had floated this tender in July on an e-tendering reverse auction basis.

A reverse auction is a type of auction in which the company that floats the tender fixes the upper limit of the contract and interested parties participate in a series of rounds in which they submit offers lower than the ceiling contract value and those of the previous round until a single party emerges as the lowest (L-1) bidder.

This is not the first time that a BSNL tender for GSM lines has been cancelled. Earlier, BSNL had cancelled a tender for 5.5 million GSM lines. It had cancelled a 93 million line tender worth Rs 35,000 crore prior to that, amid controversies over the lack of competition in the bidding process and complaints from various quarters that the capacity addition was too high for the company.

The BSNL tender process was referred to a committee headed by Sam Pitroda for review after a number of controversies -- ranging from [Home Ministry](#) objections to participation by Chinese equipment firms to legal battles with disqualified vendors -- arose.

Due to repeated scrapping of the tender, BSNL has been facing an acute shortage of new lines to meet demand.

BSNL's revenue has been declining on a yearly basis. In 2009-10, the company reported a 7.4 per cent decline in total revenue to Rs 27,913.44 crore from Rs 30,169.42 crore. The PSU reported its first-ever loss of Rs 2,197.48 crore in the same fiscal.

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