Press Information Bureau
Government of India
Cabinet Committee on Economic Affairs (CCEA)

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Procurement quota to M/s. Indian Telephone Industries Ltd. on procurements made by BSNL and MTNL

The Cabinet Committee on Economic Affairs has approved the following proposal of the Department of Telecommunications regarding continuation of reservation quota for M/s Indian Telephone Industries Limited (M/s. ITI Ltd.).

This will enable ITI to survive in the competitive environment of telecom manufacturing.

a) To continue the reservation quota policy for M/s ITI Ltd. by reserving 30 percent of procurement orders placed by BSNL and MTNL for M/s ITI Ltd., for products manufactured by ITI Ltd. and 20 percent of the network roll out orders for their turn key projects (like GSM network roll-out) of BSNL and MTNL.

b) ITI would accept orders under the reservation quota only after the price is known and it is commercially viable.

c) BSNL/MTNL will give 10 percent advance against the orders placed on ITI, subject to liquidation of advances outstanding against previous projects awarded to M/s ITI Ltd. by BSNL/MTNL., so that ITI does not face the problem of working capital for execution of orders, subject to adequate safeguards for proper utilization of these advances.

d) ITI shall exercise its option under the reservation quota within 15 days of the opening of bid.

e) The aforesaid policy measures shall remain in force for a period of one year with effect from 21.09.2013 and shall again be reviewed considering the financial health of ITl after the expiry of this period. However, the Government has introduced the Public Procurement Bill 2012 in Parliament, and under the provisions thereof, procuring entities, including CPSEs, would have to frame Rules for Public Procurement of Goods, Work and Services. Once such public procurement rules for CPSEs are framed after the enactment of the Public Procurement Act, these would also be applicable to CPSEs under the administrative control of the Department of Telecommunications.

BSNL and MTNL will be requested to extend the benefit of reservation quota to ITI Limited for a period of one year with effect from 21.09.2013.

The extension of the benefit of (i) 30 percent of procurement orders placed by BSNL / MTNL for M/s ITl Ltd. for products manufactured by it and (ii) 20 percent of the network roll out orders for turn key projects (like GSM network roll-out, etc.) of BSNL/ MTNL with 10 percent advance against the orders placed on M/s ITI Ltd., subject to liquidation of advances outstanding against previous projects awarded to M/s ITI Ltd. by BSNL/MTNL will ensure enough orders for ITl for production activities.

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