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# Telecom department rejects BSNL's plea for more compensation for services in Naxal areas

By Kalyan Parbat | 10 September 2014, 8:20 AM IST

KOLKATA: The telecom department (DoT) has dismissed Bharat Sanchar Nigam's (BSNL) demand for additional compensation of nearly Rs 589 crore for rolling out mobile networks in India's Maoist hotbeds as it would increase the final project cost well beyond the Cabinet-approved Rs 3,567.58 crore.

State-run BSNL had sought additional compensation equivalent to 16.5 per cent of the project cost to encourage its staff to work in hostile regions prone to left wing extremism.

**Demand Dismissed**

- BSNL had sought compensation equivalent to 16.5% of the project cost to encourage its staff to work in hostile regions
- DoT rejected demand saying "the upcoming mobile network assets created in Naxal-hit regions would be vested with the state-run telco"
- BSNL has mandated to establish mobile connectivity in Naxal-prone regions like Chhattisgarh, Jharkhand, Odisha and more

DoT has also rejected BSNL's demand on grounds that "the upcoming mobile network assets created in these Naxal-hit regions would be vested with the staterun telco". The Cabinet, on DoT's recommendation, had last month approved the transfer of future mobile network assets created in India's Naxal-prone zones to BSNL for ensuring uninterrupted mobile coverage even after the government stopped supporting the project after 2019.

The Centre had recently mandated Universal Services Obligation Fund - an independent DoT arm - to fully subsidise BSNL for this mobile network venture, known as the LWE project. However, such support would be confined to only meeting BSNL's capex needs for rolling out GSM networks in 1,836 sites and opex (operating expenditure) costs in 2,199 sites over a five-year span. Accordingly, USOF support to BSNL would be capped at Rs 3567.58 crore, which includes a 10%

centage component.

"The centage payout will reimburse BSNL for managerial costs incurred towards planning and designing the LWE mobile network and also include a profit element," said a top DoT official with direct knowledge of the matter.

Centage payout, however, will be staggered and linked to BSNL meeting rollout targets for both capex and opex cost components. BSNL could not be immediately reached for comment, but government insiders believe the rejection of its demand the signing of its master agreement with USOF for operationalising the LWE project, which is already a year behind schedule.

The state-run telco was mandated last year to establish mobile connectivity in Naxal-prone regions in Andhra Pradesh, Chhattisgarh, Jharkhand, Odisha, Bihar, Maharashtra, Madhya Pradesh, West Bengal and Uttar Pradesh to improve communications and home ministry surveillance operations. BSNL has recently finalised a sizeable number of tower sites in consultation with the home ministry, and will shortly place advance purchase orders with the Delhi-based VNL Ltd and Himachal Futuristic Communications Ltd for buying telecom gear worth over Rs 2,500 crore.

The two vendors had emerged the lowest and second-lowest bidders, respectively, for supplying telecom gear for the mobile rollout in regions prone to left wing insurgency.

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