

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:3711
ANSWERED ON:19.04.2010
VIOLATION OF CVC GUIDELINES
Dhruvanarayana Shri R.

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether in the case of Bharat Sanchar Nigam Limited (BSNL) tender in 2007, post tender negotiations forced the bidder to reduce price from the originally quoted \$1007 per line to \$90 per line in the country;
- (b) if so, whether in the case of current BSNL tender for 43 million GSM lines the lowest bidder has brought down the prices during post-tender negotiations to the extent of 40 per cent of the original bid price;
- (c) if so, the details thereof;
- (d) whether the Central Vigilance Commission (CVC) has ruled out post-tender negotiations as it is violative of the extant CVC guidelines; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT)

(a): Madam, no post tender negotiations were held in 2007 (i.e. GSM Phase V tender).

(b) & (c): Separate tenders for 25 million lines each by North, West and South zones and for 18 million lines by the East zone were floated on 01-05-2008 to meet requirements spread over three to four years.

The above tenders were further divided into four parts as detailed below:

- (i) Part I for 2G elements, Core and VAS elements
- (ii) Part II for 3G elements
- (iii) Part III for infrastructure items
- (iv) Part IV for operation and billing Sub-systems.

M/s Ericsson India Ltd was only successful bidder for part I & part II of the tender floated by BSNL in North & East zone, totaling 43 million lines. After negotiations, the bidder had offered a discount of around Rs. 5870 crores which comes to about 32% of originally quoted price. The offered prices were not accepted by BSNL.

(d) & (e): Central Vigilance Commission probing the deal has remarked that commission's guideline discourage negotiations and negotiations have been permitted only under exceptional circumstances.