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BSNL: A Case of Systematic Policy Sabotage and Institutional Undermining

A Comprehensive Rebuttal to the Misleading, Reprehensible and Malicious "BSNL Inherently Sick" Narrative by Finance Minister on the Floor of House

(Press Statement)

29th March, 2026.

The statement made on **the floor of Parliament by Finance Minister Nirmala Sitharaman, describing BSNL as "inherently sick" and in need of "ICU-level intervention," is not merely erroneous—it constitutes a grave distortion of historical and policy realities. It is further marked by a conspicuous absence of the parliamentary refinement, intellectual depth, balance, and dignity that stalwart Finance Ministers like T. T. Krishnamachari, Madhu Dandavate exemplified in their legislative discourse.**

The fundamental and inescapable fact remains that this national telecom institution of paramount strategic significance—BSNL—was systematically debilitated and dismantled, brick by brick, by successive governments, in a manner that effectively facilitated the takeover of a highly lucrative and strategically vital telecom market by powerful corporate entities and vested interests.

Such a statement **disregards a long and continuous chain of executive decisions, regulatory failures, serious and deliberate policy bias, and discretionary abuses** that cumulatively debilitated BSNL. It seeks to shift accountability from policy-makers to the very institution that was systematically constrained, marginalised, and denied a fair and level playing field.

I. Foundational Discrimination: Denial of Entry into Mobile Services (Pre-2002)

The discrimination against BSNL did not begin in 2007—it **is structural and dates back to the very inception of the mobile revolution** in India.

* Private operators were **allowed to enter and expand in the lucrative mobile segment** throughout the late 1990s.

* BSNL, despite being the only national telecom backbone, was **denied entry into mobile services until October 2002.**

Consequences :

Private players enjoyed **an uncontested, open field for the first crucial mobile revolution years**

* They built subscriber bases, brand strength, and revenue streams without PSU competition

* BSNL was forced into **a late and disadvantaged entry** , despite having nationwide infrastructure

Legal Characterisation :

This constitutes **denial of market access and unequal policy treatment**, violating the principle of a level playing field at the very inception of the sector.

II. Scindia's candid Admissions: Conclusive Evidence of Policy-Induced Damage

The Minister of Communications, Jyotiraditya Scindia, has unequivocally acknowledged two critical facts:

1. Denial of 4G Spectrum (2014–2019)

BSNL was systematically and deliberately eliminated from the most critical phase of technological transition, thereby denying it a fair and reasonable opportunity to compete in the emerging data-driven telecom landscape

In stark contrast, Reliance Jio, with the explicit and unmistakable blessings of the highest political functionaries, was permitted to aggressively race ahead and capture the strategically vital data market.

This expansion was not merely facilitated but effectively enabled through unrestrained operational freedom, in palpable deviation from the established regulatory policy framework. Such **preferential treatment amounts to arbitrary state action, regulatory forbearance, and policy-enabled market distortion, conferring a decisive, undue, and enduring competitive advantage** upon a select private entity **at the cost of a public sector undertaking .**

This crippled the growth of BSNL immeasurably.

2. Forced Use of Untested, Unevolved Indigenous 4G Technology

BSNL alone was compelled to deploy nascent and untested indigenous 4G solutions, while competitors such as Reliance Jio, Bharti Airtel, and Vodafone Idea **enjoyed unbridled access to globally proven technologies refined over decades** . **This asymmetrical policy imposition placed BSNL at a structural and technological disadvantage** from the outset.

Even today, BSNL continues to grapple with **serious infirmities in indigenous 4G technology,** which **are impeding the expansion of its 4G services and adversely affecting the quality of service.** Significantly, this position stands **validated by the candid admission of Jyotiraditya Scindia.**

> **These two admissions alone completely dismantle the "inherent sickness " argument**.

III. The Raja Era: Discretionary Abuse and Structural Damage

Under A. Raja:

1. Cancellation of 45.5 Million Line Tender (2007) within days of his assumption of office as MOC in 2007.

An exhaustively evaluated, expert-approved tender for procurement of 45.5 million lines was arbitrarily scrapped— without transparent justification. This was at a decisive and crucial juncture when BSNLs growth in 2G segment was simply unprecedented, with market share of 17%, very close to Airtel's 19% (Jio did not exist)

2. Procurement Paralysis

BSNL was thereafter prevented from procuring 2G equipment, completely halting expansion during the peak growth years.

3. Rejection of 90 Million Line Tender (2010)

A critical expansion plan was disdainfully rejected, ensuring:

> **BSNL remained without any meaningful procurement from 2007 onwards**.

Legal Implication :

These actions constitute **abuse of discretion, denial of operational autonomy, and institutional sabotage.**

IV. 2G Spectrum Case: Collateral Damage to BSNL*

Less discussed, but equally critical:

> **BSNL was systematically sidelined during this period of preferential Spectrum allocation.**

Thus, the 2G episode represents a strategic weakening of a public sector operator through preferential 2G Spectrum allocation.

V. 3G Policy Distortion and Competitive Illegality

Under Kapil Sibal:

* Private operators were allowed to offer 3G services in circles without licence or **spectrum through policy forbidden, illegal intra-circle roaming arrangements.**

Impact :

* BSNL's **₹10,000 crore** Pan-India 3G investment **went down the drain**. BSNL was subjected to spectrum allocation through an administrative route, while private operators were granted complete autonomy to acquire spectrum for circles of their choice through competitive bidding. This differential treatment was not merely procedural—it amounted to hostile discrimination and arbitrary classification, striking at the very root of the principle of a level playing field in a liberalised telecom regime.

BSNL was effectively restrained from participating in a fair and competitive tendering process and was instead burdened with a compulsory Pan-India 3G spectrum allocation at an exorbitant cost of approximately ₹10,000 crore. This imposed financial liability, devoid of corresponding commercial flexibility, severely impaired its operational viability.

In stark and telling contrast, private operators such as Bharti Airtel, Vodafone Idea, and Reliance Communications, operating through an evident pattern of cartelisation and nexus—under the very nose of the then Government in the years, 2012-14, —collectively secured spectrum at a comparable outlay of around ₹11,000 crore, yet retained the strategic liberty to optimise circle-wise deployment and efficiently roll out near Pan-India 3G services

* Competitive advantage was **illegitimately transferred to private operators**

VI. Lethal and internationally Proscribed Predatory Pricing and Regulatory Abdication

* With the tacit acceptance of the Telecom Regulatory Authority of India and the unequivocal blessings of the highest Political Functionaries in the Government

* Reliance Jio engaged in brutal **predatory pricing**, distorting the market irreversibly, allowing it to race and capture the entire data market in blatant violation of ITU Prescribed standards. Jio was allowed to become the king of Data in the country during five years of worst ever policy violation, from 2014-19

BSNL, already handicapped by *policy constraints, was rendered non-competitive because 4G spectrum was blatantly denied to BSNL during the crucial 5 years (2014-19) during which Jio had a free run, rather a cake walk, with no competition worth the name.

VII. Trade Unions: The Last Line of Institutional Defence

In the face of systemic neglect, BSNL trade unions emerged as the only effective corrective force:

* The allocation of **a substandard and commercially unviable spectrum band (1880–1990 MHz),** at a staggering cost of ₹8,000 crore, stands as yet **another glaring instance of policy misjudgment imposed on BSNL**. In a remarkable display of collective resolve, the **trade unions of BSNL, through sustained and determined struggle, compelled the Government to acknowledge this grave lapse**. Consequently, BSNL was permitted to surrender the obsolete frequency band, securing a **full refund of ₹8,000 crore—an outcome achieved not through administrative prudence, but through relentless organisational resistance** .

* Sustained resistance against discriminatory policies

* Preservation of institutional interests where governance failed

Correctives came mainly from struggle—not from policy.

VIII. Final Indictment: A continuous chain of Policy bias and discrimination

The cumulative record establishes a pattern of sustained and deliberate disadvantage imposed on BSNL:

* Denial of early market access (pre-2002)

* Suppression of procurement (2007 onwards)

* Discriminatory spectrum allocation

* Technological handicapping

* Regulatory bias

* Market distortion

* Indiscriminately promoting vested interests at the clear expense of BSNL(2014- till date)

IX. Misleading statement of the Finance Minister

In light of overwhelming evidence, the statement of Nirmala Sitharaman is:

*** Factually incorrect**

*** Legally unsustainable**

*** Institutionally irresponsible**

It represents a **calculated attempt to rewrite history and obscure policy accountability** .

Conclusion: The Truth Stands Established, *UPA started the decimation of BSNL. The final nail in its coffin was firmly and irreversibly driven by the NDA Government, burying it beyond recovery

BSNL was not “inherently sick.”

It was:

*** Denied entry when the market was created**

*** Denied expansion when the market grew**

*** Denied technology when the market evolved**

*** Denied fairness when competition intensified**

Yet, it limped on —because of its resilience and the relentless efforts of its workforce and trade unions.

The candid admissions of Jyotiraditya Scindia, supported by findings of the Comptroller and Auditor General of India, conclusively establish:

The ailment was not inherent.

It was inflicted—systematically, deliberately, and over decades.

G.L.Jogi,

GS/ SNPWA