

Subject: Serious issues and financial irregularities in formation of Separate PSU BBNL and its premature closer and transferring responsibilities to BSNL.

1. **Formation of a Separate PSU despite availability of Established Nationwide Infrastructure of BSNL:** BBNL was incorporated in 2012 as a SPV (Special Purpose Vehicle) for implementing the NOFN (National Optical Fibre Network), later renamed BharatNet. However, at the time of its formation, BSNL already possessed one of the world's largest telecom infrastructures with an extensive optical fibre network, transmission backbone, exchanges, district level offices and a technically skilled workforce spread across the country. Instead of utilizing and strengthening the existing capabilities of BSNL, a separate PSU with an independent corporate structure, management hierarchy, administrative setup, and financial framework was created. This resulted in duplication of institutional arrangements and increased administrative expenditure and now the same is being transferred to BSNL and BSNL management is targeting Executives and Non-Executives for no mistake on their part.
2. **Duplication of Administrative Structure Leading to Additional Public Expenditure:** The establishment of BBNL required the creation of a complete corporate ecosystem, including a Board of Directors, Corporate Office, senior executives, finance and procurement wings, legal and administrative divisions, consultants, project management units, and support staff. These functions already existed within BSNL. Consequently, substantial expenditure was incurred in maintaining parallel administrative establishments for functions that could have been discharged through the existing BSNL framework. The duplication of organizational structures reduced overall efficiency and increased the financial burden on the Government.
3. **Executing Project in part with Multiple Executing Agencies:** Instead of adopting a single implementing agency, BharatNet execution was divided among BSNL, other Central Public Sector Undertakings (CPSUs), State Government agencies, private contractors, and consultants. This multi-agency approach resulted in differing standards of execution, inconsistent quality control, coordination challenges, delays in decision-making, and ambiguity in accountability. The absence of a unified command structure adversely affected project implementation and maintenance planning and after accepting failure it has been decided to shift the responsibilities to BSNL.
4. **High Capital Investment with Low Returns:** The Government invested several tens of thousands of Crores of rupees in creating BharatNet infrastructure through BBNL. While the project substantially expanded digital connectivity in rural India, commercial utilization of the created assets remained significantly below expectations. A considerable portion of the optical fibre network remained underutilized due to inadequate leasing, limited service provisioning, delays in last-mile connectivity, and low bandwidth utilization. Consequently, the anticipated revenue generation was not realized, affecting the financial sustainability of the project
5. **Undue delay of 14 years and Cost Escalation:** BharatNet implementation experienced multiple delays due to right-of-way issues, tender revisions,

contractor performance, coordination challenges, and technological changes. These delays contributed to increased project costs through repeated tendering, extended contracts, price escalation, replacement of obsolete equipment, and additional maintenance expenditure before full commercial utilization of the network

6. **Serious issues & complaints in constructions with BharatNet Network:**

There are serious complaints about the OFC constructions works and hence there are many issues in the OFC cable laid under BBNL. At many places the required depth is not maintained and hence the OFC laid is not useful for effective operations due to frequent faults. It is well known that many GPs were just announced operational when there was even no cable laid and some of GPs are shown operational with Solar panel which are not operational due to faulty solar panel. Some of such issues are settled and there is need of exhaustive and special attention to monitor such fault prone network, now the funds are excused and only maintenance work is left and this defective works are being handed over to BSNL when BSNL is facing fund crises for maintaining its existing network.

7. **Intelligent idea in transferring Maintenance liability:** All these GPs are majority located at remote and rural places and hence there are issues in maintaining it. The laying of OFC is difficult task as compared to its maintenance. If BBNL was created for laying OFC, the difficult task with need of monitoring every inch/ meter length and for this huge work manpower was available with BBNL, then why the work of provision of Connections and its maintenance which is small activity as compared to Cable Construction work is not continued by BBNL. Some officers in DoT have played this game and now the BBNL is merged with BSNL and now BSNL employees who were never part of this OFC construction activity are forced to maintain it by their dislocation with projection that well established BBNL vendors will maintain it without any issue.

8. **Dependency on vendors for maintenance activity:** If vendors are so good, then this work should have been continued by BBNL staff who was maintaining it before merger of BBNL with BSNL and the Executives and employees of BSNL should not be disturbed by giving name of Restructuring. Thus, as desired by the BSNL management to meet the needs of maintenance of GPs partially installed and partially working GPs of BBNL, the present Restructuring will not work and there is need to look into these issues as a special case. These are internal matters of BBNL and BSNL and we do not want to raise it, but now we are punished for mistakes and corrupt practices of the officers in BBNL and hence under compulsions created, we are putting it forward. If required, it is need of time that all activities at BBNL for tendering, reporting and handing over of BBNL Network needs to confirmed through Vigilance angle.

9. **Premature Merger of BBNL with BSNL:** Within approximately a decade of its establishment, the Government decided to merge BBNL with BSNL. This policy decision effectively acknowledged that long-term operation and maintenance of BharatNet could be more efficiently managed through BSNL's existing nationwide organizational and technical capabilities. The merger also highlighted that creation of a separate PSU for implementation alone may not

have been the most sustainable institutional model for such a large national telecom infrastructure project.

10. **Increased Financial and Operational Burden on BSNL:** The merger significantly expanded BSNL's responsibilities without a proportionate increase in operational resources. BSNL became responsible for maintaining extensive rural infrastructure located in remote, geographically challenging, and low-revenue areas, requiring continuous expenditure on fault restoration, power supply, security, and preventive maintenance. The additional obligations increased pressure on manpower of BSNL, finances, logistics, and maintenance capabilities while the company continued to fulfil its strategic national responsibilities.
11. **Dual Stand of Management:** One side, BSNL Management is projecting targets of certain amount of revenue per Employees and other side such stringent and loss making proposals are being projected as good initiatives of the Management.
12. **No planning for Long Term Maintenance:** BBNL was essentially conceived as a project implementation organization rather than a telecom service provider. It did not possess a permanent nationwide field workforce, maintenance organization, or fault restoration teams comparable to BSNL. As a result, while substantial investments were made in creating infrastructure, adequate arrangements for long-term operation, preventive maintenance, fault management, spare inventory, and field-level technical support were not established from the beginning.
13. **Transfer of Extensive Maintenance Responsibilities to BSNL:** Following the merger of BBNL with BSNL, responsibility for maintaining BharatNet infrastructure was transferred to BSNL. This included optical fibre connectivity to more than 2.5 lakh Gram Panchayats, active network equipment, power plants, batteries, solar panels, shelters, and associated infrastructure. Many of these assets had already accumulated maintenance backlogs due to inadequate upkeep during earlier years. Consequently, BSNL inherited substantial operational responsibilities requiring significant financial and human resources.
