

It help in generating more employment

By : INVC Team Published On : 24 Nov, 2018 08:30 PM IST



INVC NEWS New Delhi ,

The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi has approved Procurement Quota to M/s ITI Ltd. in procurements made by BSNL, MTNL and BBNL

The Cabinet Committee on Economic Affairs (CCEA) today approved the following proposal of Department of Telecommunications regarding continuation of Procurement Quota for M/s ITI Limited:

To continue the Reservation Quota policy for M/s ITI Ltd. by reserving i) 30% of the procurement orders placed by BSNL, MTNL and BBNL for M/s ITI Ltd. for the products manufactured by it and for those outsourced items in which there is a minimum 12% value addition by M/s ITI during 2018-19 and 16% value addition in 2019-20 and 20% value addition in 2020-21 and ii) 20% of the orders for the turnkey projects (like GSM network roll-out, Wi-Fi etc. of BSNL & MTNL and BharatNet project network roll-out, etc. of BBNL). ITI would accept orders under reservation quota only after the price is known and if the same is commercially viable. ITI shall exercise its option under Reservation Quota within 15 days of bid opening. The aforesaid policy measures shall remain in force for a period of three years with effect from the date of approval of CCEA. The policy shall again be reviewed considering the financial health of ITI after the expiry of this period.

Background:

M/s ITI Limited is a listed Schedule "A" Central Public Sector Enterprise, under the administrative control of Ministry of Communications, -Department of Telecommunication. The Company is a supplier for the Defence communication and networking needs and a major supplier of encryption products to Indian Army. The major customers are BSNL, MTNL, Defence, Paramilitary forces and State Governments. ITI has six manufacturing units at Bangalore (Karnataka), Raebareli, Naini and Mankapur (all in UP), Palakkad (Kerala) and Srinagar (J&K).

As the Company had become Sick in 2004 and was under reference-to BIFR, GCEA. in its meeting held on 12-02-2014 approved the proposal to provide financial assistance of Rs. 4156.79 Crore for its revival. In order to enable ITI to survive in the competitive environment of telecom manufacturing, BSNL and MTNL have been extending reservation quota of 30%. quantify to ITI Ltd. The validity of reservation benefit extended to ITI has expired on 31.05.2018.

BSNL, MTNL and BBNL will be requested to extend the benefit of procurement quota to ITI Limited for a period of three years.

Major Impact :

The extension of the benefit of i) 30% of the procurement orders placed by BSNL, MTNL and BBNL for M/s ITI Ltd. for the products manufactured by it and for those outsourced items in which there is a minimum 12% value addition by M/s ITI during 2018-19 and 16% value addition in 2019-20 and 20% value addition in 2020-21 and ii) 20% of the orders for the turn key projects (like GSM network roll-out, Wi-Fi etc. of BSNL & MTNL and BharatNet project network roll-out, etc. of BBNL) will ensure enough orders for FLT for the

productionactivities. Provision of procurement quota from BSNL, MTNL and BBNL will provide furtherboost to-the order book of ITI and help in improving its financial health.

ITI will be the beneficiary of the decision. It may also help in generating more employment opportunities in the Company particularly in the field of new telecom technologies.

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