GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:435
ANSWERED ON:26.04.2010
STRENGTHENING OF TELECOM SERVICES
Chitthan Shri N.S.V.;Singh Rajkumari Ratna

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

(a) whether the growth/revenue graphs of the Mahanagar Telephone Nigam Limited (MTNL) and the Bharat Sanchar Nigam Limited (BSNL) have been continuously falling over the last few years due to stiff competition from the private telecom operators or their own alleged mismanagement;

(b) if so, whether any professional strategy has been formulated to cope with the ongoing competition from the private sector as well as to improve their cost and service efficiency; and

(c) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI A. RAJA)

(a) to (c) A statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 435 FOR 26TH APRIL, 2010 REGARDING "STRENGTHENING OF TELECOM SERVICES"

(a) Revenue of the Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) has been continuously falling over the last few years due to stiff competition from the private telecom operators and not due to their own alleged mismanagement. Financial details of BSNL/MTNL are given in the Annexure.

(b) Yes, Madam. BSNL/MTNL have formulated professional strategy to cope with the ongoing competition from the private sector as well as to improve their cost and service efficiency.

(c) The details of strategy formulated by BSNL/MTNL is as follows:

(i) STRATEGY REGARDING BSNL

1. Organisational Transformation: BSNL embarked upon transformation exercise in December, 2008 to remain competitive in the market with the help of Boston Consulting Group (BCG), a Management Consultancy Firm. Accordingly, the following initiatives have been taken:

Redesigning the organizational structure on the basis of new verticals − consumer mobility, consumer fixed access, enterprise & new businesses, catering to changed market needs.

Developing sales & distribution capabilities and expanding distribution channels, creating processes, systems, training and incentives to enable the sales teams and channel partners.

Developing a system of providing service level agreements (SLAs) for large enterprise customers and focusing on corporate accounts.

Improving customer care and after sales service.

2. Leasing of BSNL's Passive Infrastructure to other service providers.

3. Enterprise Business Unit for dealing with Corporate Customers.

4. Introducing Fixed Mobile Convergence to add value to wireline telephone.

5. Providing New Value Added Services both on wireline and wireless telephones.

6. Broadband Services: In addition to wireline broadband services, BSNL is also in the process of rolling out its WiMAX network to take an early lead and provide wireless broadband services in all rural blocks in the country during 2010-11.

7. Fibre to Home (FTTH): To meet the demand for high bandwidth services, BSNL is rolling out FTTH services for the first time in the country, which is likely to generate substantial customer base in this niche market segment in coming year.

8. Use of Information Technology:

Implementation of Call Data Record (CDR) based billing for wireline business.

Implementation of ERP (Enterprise Resource Planning) for all business processes.

Use of Information Technology in billing and business processes is likely to bring back lost customer base to BSNL's fold.

(ii) STRATEGY REGARDING MTNL

MTNL is targeting increased revenue from Broadband and GSM services. Additional revenue from 'Enterprise business' in addition to introducing 'Value Added Services' (VAS) operationally is being targeted.

Value addition in Landline: MTNL, by providing broadband through ADSL 2+ (Asymmatric Digital Subscriber Line) technology earlier and now by introducing VDSL (Very High Bit Rate Digital Subscriber Line) technology, is improving utility of landlines.

Network: MTNL continuously keeps upgrading the quality and technology of its network and has now introduced state of art NGN (Next Generation Network) core network.

FTTH (Fibre To The Home): MTNL is further adding optical fibre in its access network under FTTH scheme and is planning to introduce FTTH based services. This will help in meeting their increased bandwidth requirement for both data and video applications, resulting in earning higher ARPU (Average Revenue Per User).

VOIP (Voice over Internet Protocol): MTNL has already launched VOIP service in both Delhi & Mumbai, on revenue sharing basis, which will help in arresting disconnections of fixed lines.

Convergent billing & CRM (Customer Relationship Management) system: A state of the art Convergent billing and CRM system is under installation. This will facilitate CDR (Calls Detail Record) based billing, single bill for all services, flexibility in billing and innovative tariff packages for subscribers and thus will enhance customer care.

MTNL is progressively deploying 'Converged Network' to facilitate the convergence of voice, data and video multi media networks into a single unified packet based multi services platform.

Further, cost control through various steps like reduction in expenditure on rent by vacating rented accommodation, restriction on Traveling Allowance claims, reduction in maintenance expenditure by introducing ceiling and purchase control and conducting of energy audit, has been undertaken.