

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

STARRED QUESTION NO:313
ANSWERED ON:16.08.2010
SHARE OF PUBLIC SECTOR TELECOM COMPANIES
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) the share of the public and the private sector telecom companies providing basic and mobile telephone services in the country;
- (b) whether the share of the public sector telecom companies, viz. Mahanagar Telephone Nigam Limited (MTNL) and Bharat Sanchar Nigam Limited (BSNL) is declining in comparison to the share of the private sector telecom companies over a period of time;
- (c) if so, the details thereof during the last three years and the current year alongwith the reasons therefor; and
- (d) the fresh efforts being made to improve the performance of the public sector telecom companies and make their presence more visible in the prevailing competitive market?

Answer

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

(a) to (d) 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 (d) OF THE LOK SABHA STARRED QUESTION NO. 313 FOR 16TH AUGUST, 2010 REGARDING "SHARE OF PUBLIC SECTOR TELECOM COMPANIES"

(a) As on 31.03.2010, the share of the public and private sector telecom companies providing basic and mobile telephone services in the country stands at 16.13% and 83.87% respectively.

(b) & (c) Yes, Madam. The share of the public sector telecom companies is declining in comparison to the share of the private sector telecom companies, due to stiff competition. The details of public and private sector share during last three year and current year is as under:

MTNL

Date Wireless% (Cellular) Wireline % (Fixed Line)
 Delhi Mumbai Delhi Mumbai

31.03.2008 14.1 19.73 65.08 78.26

31.03.2009 16.3 18.28 60.52 71.05

31.03.2010 13.35 15.79 56.71 66.55

30.06.2010 12.82 15.06 56.04 65.51

BSNL

Date Market Share %
 Wireline Wireless

31.03.2008 80.04 15.64

31.03.2009 77.43 13.32

31.03.2010 75.33 11.88

30.06.2010 74.46 11.44

(d) BSNL/MTNL have formulated strategy to cope with the ongoing competition from the private sector as well as to reduce their cost and improve the services. The details of strategy formulated by BSNL/MTNL is as follow:

a. 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 Detail Record (CDR) based billing for wireline business.

Implementation of ERP 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.

b. 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+ technology earlier and now by introducing VDSL 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 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.

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 Calls Detail Record (CDR) based billing, single bill for all services, flexibility in billing and innovative tariff packages for subscribers & thus 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 Travelling Allowance claims, reduction in maintenance expenditure by introducing ceiling and purchase control and conducting of energy audit, has been undertaken.