

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

STARRED QUESTION NO:96

ANSWERED ON:15.11.2010

RESTRUCTURING OF BSNL

Mahendrasinh Shri Chauhan ;Thomas Shri P. T.

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

(a) whether the market share of the public telecom companies including Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) have nosedived during the last three years and the current year;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether the High Level Committee headed by Shri Sam Pitroda has submitted its report on restructuring of BSNL to the Union Government; and

(d) if so, the details thereof including the steps taken to implement its recommendations?

**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. 96 FOR 15TH NOVEMBER, 2010 REGARDING 'RESTRUCTURING OF BSNL'.

(a) & (b) Yes Madam. The share of the public sector telecom companies including Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) is declining. The details of market share of BSNL and MTNL during last three years and current year are as under:

BSNL:

Date Market Share %

Wireline Wireless Total

31.03.2008 80.04 15.64 24.07

31.03.2009 77.43 13.32 18.96

31.03.2010 75.33 11.88 15.66

30.09.2010 73.71 11.39 14.45

MTNL:

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

Delhi Mumbai Delhi Mumbai

31.03.2008 9.87 14.13 65.07 78.26

31.03.2009 9.37 12.59 60,52 71.05

31.03.2010 8.49 10.15 56.71 66.55

31.08.2010 7.64 9.13 55.57 65.03

Both PSUs together:

Date Market Share %

Wireline Wireless Total

31.03.2008 89.38 16.98 26.47

31.03.2009 86.71 14.45 20.84

31.03.2010 84.77 12.76 17.04

30.09.2010 83.48 12.17 15.67

The reasons for decrease in the market share of BSNL and MTNL are as follows:

1. Suaender of extra wireline telephone connections where multiple telephone connections existed in same house/office premises.
2. Substitution of fixed line telephone connections by personal mobile phones
3. Stiff Competition from private operators.

(c) and (d) Yes, Madam. The important recommendations of the Sam Pitroda Committee are as under;

# Focus on selection of the best professionals from the market at market rates.

# Appoint an eminent person from the private sector as the Chairman.

# Separate the post of the Managing Director/ CEO (from CMD).

# Change the Board composition to seven directors {one internal (MD/CEO), one non executive chairman, two government nominee and three external directors}.

# Provide three year contracts with specific targets for all key management team members.

# Establish four independent business units for Fixed access, Mobility, Enterprise and New businesses.

# Complete ITS absorption process.

# Induct significant young talent in Technology, IT, marketing, sales, etc.

# Retire or transfer around 100K employees through processes like VRS.

# Change procurement processes and procedures substantially using tools such as e- Procurement, vendor rating, rate running contracts, schedules, etc.

# Disinvest 30% through Indian strategic investor and at Initial Public Offering (IPO) to return 10% to the government and use 20% for employee VRS, expansion and operation.

# Provide 30 million new high speed broadband connections in the next three years.

# Unbundle local loop for public and private companies.

# Proactively offer sharing of active and passive infrastructure to other operators.

# Enhance rural communication facilities by connecting 250,000 panchayats.

# Create a separate subsidiary company for tower related infrastructure.

# Create a separate subsidiary to hold land bank and other real estate assets.

# Establish a BSNL venture fund to invest and/ or acquire small appropriate technology companies.

The recommendations of the Sam Pitroda Committee Report were deliberated in Full Telecom Commission meeting held on 7.7.2010. The Telecom Commission has decided to constitute an `Internal Committee` under Chairmanship of Member (Services), Department of Telecommunications to give its recommendations on the report. This Committee had interactions with BSNL

Management and BSNL Employees Unions/Associations and has submitted its report for consideration of Telecom Commission.