

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

UNSTARRED QUESTION NO:2447

ANSWERED ON:28.03.2012

RESTRUCTURING OF BSNL

Adhalrao Patil Shri Shivaji;Venugopal Shri P.;Yadav Shri Dharmendra

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

- (a) whether the Central Government had decided to restructure Bharat Sanchar Nigam Limited (BSNL) on the basis of report submitted by Sam Pitroda;
- (b) if so, the present status thereof and the steps taken by the Government to protect the interests of employees;
- (c) whether the BSNL is lagging behind in the telecommunication sector;
- (d) if so, the reaction of the Central Government thereon; and
- (e) the steps proposed to be taken by the Central Government to make BSNL competitive?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a)&(b) The Telecom Commission (TC) deliberated on the recommendations of the Sam Pitroda Committee on improving the performance of the BSNL in its meeting held on 7.7.2010. The Telecom Commission decided to constitute `Internal Committee` under Chairmanship of Member

(Services), Department of Telecom to give its recommendations on the report. Accordingly on 19.08.2010, a Committee under the Chairmanship of Member (Services) was constituted. The internal committee submitted its report on 29.10.2010, which was discussed again in the Telecom Commission in its meeting, held on 30.11.2010. Telecom Commission has decided the following in the matter:

(i) Taking 30-50 professionals from market at market rates changing Board Constitution or separating Chairman and MD posts may not be feasible in only one Public Sector Undertaking (PSU) as it may trigger protest from BSNL and demand for similar treatment by other PSUs.

(ii) This is not the opportune time for listing & disinvestment of BSNL, as company is on downward performance path and disinvestment may not realize true value of the company. In absence of listing, option of giving stocks as incentive, to key management is not available for the present.

(iii) Voluntary Retirement Scheme (VRS) across the board may not be required; BSNL could examine option of VRS for select categories, examining financial burden and cost / benefit of the company.

(iv) On adopting Managed capacity or managed services model - the view of Internal Committee that the Board of BSNL may take a view is endorsed.

(v) Unbundling of the local loop is a commercial decision, which shall be decided by BSNL Board after critically examining the issue,

(vi) All other issues are operational and commercial issues of BSNL for which the Board is competent to take decisions.

The Commission also observed that some of the above issues including items

(ii), (iii) and

(v) could be revisited if the need arose in the context of any major policy decisions involving restructuring and repositioning of BSNL.

The Department of Telecommunications (DoT) has received a proposal of Voluntarily Retirement Scheme (VRS) from BSNL aiming for reduction of its strength by one lakh employees.

(c)to(e) The overall market share of BSNL as on 31.12.2011 is 12.86% whereas in the wireline segment is 70.24%. i Private Telecom Service Providers were issued licenses for providing Cellular Mobile Telephone Service (CMTS) in 1994 whereas Bharat Sanchar Nigam Limited (BSNL) was issued license for provision of CMTS in 2000 as third operator in various parts of the country.

To bring about synergies between various telecom units of DoT, a committee was constituted by DoT. The Committee has recommended that the DoT may encourage creation and recognition of synergistic alliance of BSNL and MTNL through appropriate policy interventions and support for optimum utilisation of their resources and strengths to their mutual benefit.

In addition, one of the provisions in the draft revised National Telecom Policy (NTP- 2012), inter-alia also contains the provision to encourage recognition and creation of synergistic alliance of public sector and other organisations of Department of Telecommunications through appropriate policy interventions and support for optimum utilisation of their resources and strengths in building a robust and secure telecom and information infrastructure of the nation. Department of Telecommunications (DoT) regularly reviews the performance of BSNL to improve its competitiveness. Some of the steps taken by BSNL to make it more competitive are as follows:

# Optimizing CAPEX and OPEX through convergence and consolidation of infrastructure.

# Strengthening of stable revenue streams through concerted focus on broadband and enterprise business with major focus on Government projects.

# Focussing on the revenue from top 100 Cities for monitoring purpose.

# Sustained operational focus on customer care, service delivery, service assurance, revenue management and asset management.

# Aggressive push on Data usage and value added services.

# Clear cut segregation of commercial activities from social obligation to ensure sustainable growth.

# Progressive migration of current network to Next generation network thereby ensuring convergence, consolidation and seamless delivery of various services to end customers across different technologies.