

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

UNSTARRED QUESTION NO:3889

ANSWERED ON:20.03.2013

LOSSES OF BSNL AND MTNL

Bali Ram Dr. ; Ganpatrao Shri Jadhav Prataprao; Jaiswal Shri Gorakh Prasad

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

- (a) whether ineffective marketing strategy and poor customer care system in BSNL and MTNL are some of the reasons for declining market share and losses of the telecom PSUs;
- (b) if so, the details thereof and the action taken by the Government to improve marketing strategy and customer care system of BSNL and MTNL;
- (c) whether the BSNL and MTNL have spent huge amount on sports events and its promotion;
- (d) if so, the total expenditure incurred by both the PSUs in this regard during the last three years and the current year, PSU-wise and year-wise;
- (e) whether the Government proposes to curtail the expenditure on sports in view of the incurring losses of both PSUs; and
- (f) if so, the details thereof and the action taken/proposed to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (Dr. (SMT.) KILLI KRUPARANI)

(a)&(b) The main reasons for declining market share of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) are as follows:

Subscriber base shifting from fixed line to wireless mobile communication

Stiff competition in mobile sector

Delay in augmentation of BSNL's capacity for Global System for Mobile communication (GSM) equipment.

The reasons for decline in revenue and incurring of losses by BSNL and MTNL are as follows:

Subscriber base shifting from fixed line to wireless mobile communication

Stiff competition in mobile sector.

Payment towards 3G & Broadband Wireless Access (BWA) spectrum charges resulting in reduction in interest income.

Decrease in Average Revenue Per User (ARPU) in the mobile sector.

The reason for the increase in expenditure is mainly due to wages of large legacy work force.

Department of Telecommunications (DoT) and the senior management of both PSUs review the performance of BSNL and MTNL regularly, specifically with the aim of improvement in their customer care system and marketing strategies. Some of the steps taken by BSNL and MTNL to improve their marketing strategy and customer care system are as follows:

BSNL

Strengthening of sales and distribution system.

Special consumer retention camps.

Monitoring of Quality of Service (QoS) parameters to adhere to the benchmarks stipulated by Telecom Regulatory Authority of India (TRAI).

Continuous improvement in customer care through Project smile.

Introduction of various attractive tariff plans & improved marketing strategies.

Provision of Value Added Services including broadband services, Intelligent Network Services and broadband based value added services like Video/Games/Music on demand etc.

MTNL

Plan to implement Convergent billing solution. This system will provide one bill for all services to a subscriber and address customer request for services, tariff etc.

Reviewing of tariff for various products and services.

Measures to facilitate easy payment of telephone bills.

Online system for booking of different services and complaints for landline and mobile.

MTNL is having Sanchar Haats in Delhi and Customer Service Centres (CSCs) at Mumbai, for customers to get various services like registration for new service, duplicate bills of cellular connection, bill payment, Virtual Calling Cards etc.

(c) to (f) As reported by BSNL and MTNL, these PSUs have not spent huge amount on sports events and their promotion. However, the details of total expenditure by BSNL and MTNL in this regard, during the last three years and the current year are as follows:

Year	BSNL (in Rs crores)	MTNL (in Rs Lakhs)
------	---------------------	--------------------

2009-10	2.42	26.30
---------	------	-------

2010-11	3.09	9.31
---------	------	------

2011-12	1.22	1.95
---------	------	------

2012-13 (up to 31.01.2013)	1.08	0.57
-------------------------------	------	------