

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

UNSTARRED QUESTION NO:2838

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MARKET SHARE OF MTNL AND BSNL

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

- (a) whether the market share of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telecom Nigam Limited (MTNL) as compared to private telecom operators is declining;
- (b) if so, the details thereof indicating the market share of BSNL and MTNL as well as other operators, and the reasons therefor;
- (c) whether Government has reviewed or proposed to review the functioning of BSNL/MTNL and if so, the details thereof;
- (d) whether the Government proposes to introduce Voluntary Retirement Scheme (VRS) to the employees of BSNL/MTNL to curtail the expenditure and if so, the details thereof; and
- (e) the measures taken by the Government to improve the functioning and the financial condition of BSNL/MTNL?

**Answer**

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD)

(a) & (b) Details of total number of telephone connections and market share of Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited(MTNL) and private service providers are given in Annexure.

BSNL and MTNL are in financial distress. MTNL has been unable to invest in expansion/ modernisation of its network due to financial distress. BSNL has been unable to invest in expansion of its network over the period 2009-2013. Other reasons like power supply problem, disruptions due to cable cuts arising from road development works, breakdown of cables due to old legacy network of basic service, cable theft etc. are also affecting the services of BSNL and MTNL. Legacy issues of manpower having inadequate skill sets for sales, marketing and customer service management result in their inability to compete with private sector on customer services.

(c) Department of Telecommunications periodically reviews performance of BSNL and MTNL as per the provisions of Memorandum of Understanding (MoU) signed between the Department BSNL and MTNL.

(d) Proposal was received from BSNL for Voluntary Retirement Scheme (VRS) for its employees. It was opined that the response to VRS was uncertain and might not result in paring of the workforce to the extent desired to enable sustainable revival of BSNL. Instead, it was recommended that annual financial support to BSNL and MTNL be provided by Government to reduce staff costs for next 10 years for certain staff who are above 50 years of age. No final decision has been taken on these recommendations.

(e) Government has taken several measures to revive BSNL and MTNL and provide some financial relief so that they could undertake expansion plans and provide better services. These measures include:

(i) Treatment of pensionary liabilities of Government employees absorbed in MTNL and who opted for combined service pension on parity with similar employees in BSNL.

(ii) Waiver of Government loan to BSNL involving an amount of Rs.1411 crores.

(iii) Financial support of Rs.6724.51 Crores to BSNL and Rs.4533.97 crores to MTNL on surrender of Broadband Wireless Access (BWA) spectrum.

(iv) Financial support of Rs. 492 Crores to MTNL, towards payment of Minimum Alternate Tax (MAT).

BSNL and MTNL are separately preparing a revival plan for increasing revenue potential, identifying business opportunities, organizational restructuring and training to enable human resource to grow into customer-centric companies with expertise in marketing and customer services delivery and developing human resources strategy in line with restructured organizational vision. With these steps being taken, BSNL and MTNL will be able to upgrade and enhance network coverage and capacity and provide better quality of services to their customers.

BSNL is also taking several steps to enhance revenues through investments to strengthen its network and focus on customer care and

service delivery to improve quality of service. The investment projects being undertaken include:

# Augmentation of its mobile network as part of its Phase-VII Project to create additional capacity of 15 million lines at an estimated cost of Rs. 4804.77 crores. This will result in addition of 14421 2G sites and 10605 3G sites across the country.

# Replacement of the entire network of wireline local exchanges by Internet Protocol (IP) enabled exchanges and deployment of Next Generation Network (NGN) equipment based on the latest architecture gradually to replace entire legacy telephone exchanges at an estimated cost of Rs. 600 crores.

# Migration of entire C-DOT (Centre for Development of Telematics) legacy telephone exchanges with technology solutions being developed by C-DOT at an estimated cost of Rs. 350 crores for which MoU (Memorandum of Understanding) has been signed between C-DOT and BSNL.

# Government has assigned the work of providing mobile connectivity in 2199 identified locations in Left Wing Extremism (LWE) affected areas through BSNL at an estimated cost of Rs. 3567.58 crores.

# Government has assigned the work of providing mobile connectivity to uncovered villages in Arunachal Pradesh and two districts of Assam to BSNL on nomination basis at an estimated cost of Rs. 1975.38 crores.