

PIB PRESS RELEASE:

Ministry of Communications & Information Technology, A Raja Concerned about BSNL's dwindling market share Minister Directs State Telecom Operator to Focus on:

- **Growth of Cellular and Broadband Services**
- **Immediate Roll Out of 3G and WI-MAX**
- **Rural penetration**
- **Value Added Services**
- **Customer Care**
- **Financial Management**

The Communications and IT Minister Thiru A. Raja today asked public sector BSNL to give top most priority to the growth of cellular and broadband services. Speaking at the 15th Heads of Circles Conference of BSNL in New Delhi, Mr. Raja expressed worries over the dwindling market share of BSNL in the mobile telecom segment. He called upon BSNL officials to workout a strategy to restore BSNL's market position. Mr. Raja expressed confidence that BSNL will continue to contribute more than 50% in achieving a national target of 20 million broadband connections by 2010.

The Minister wanted the telecom giant to pay urgent attention to good quality of service, customer care and responsiveness to the needs of customers to beat the fresh challenges of competition arising out of the impending launch of Number Portability. He wanted the Customer grievances redressal system to be strengthened. Mr. Raja emphasized the need to upgrade the skills of the technical and managerial staff and providing them adequately training.

The Minister asked for more intelligent financial management for better profit margins, keeping down the costs, efficient utilization of capital assets, increasing revenue through sharing of infrastructure and reduction of outstanding dues. He urged the BSNL management to improve the Value Added Services (VAS) to meet customer's aspirations and increase revenue. He called upon BSNL to ensure immediate rollout of 3G and WI-MAX services based on the spectrum already allocated to it by the government.

Pointing to the gap between the all India teledensity of 30% and the rural teledensity of 11%, the Minister underlined that BSNL has to bridge this digital divide. He asked BSNL managers to devise newer methods to reach such areas not only in terms of access network but also through good distribution network.

The conference was attended by Mr. Siddhartha Behura, Secretary, Department of Telecom; Mr. Kuldeep Goyal, CMD, BSNL; Members of the BSNL Board, Chief General Managers from BSNL Circles and DOT and BSNL officials.

Background

India's telecom network has more than 340 million telephones. 43.37 million connections have been provided in just five months during the current year. During 2007-08, more than 94 million connections were provided. The target is to achieve 500 million telephones by 2010 and 750 million by 2012. Out of a total 4.73 million broadband customer base in India, BSNL alone has provided more than 2.57 million broadband connections thus contributing approximately 54.3% and has covered approximately 95% District HQ, 43% Block HQ and more than 31,000 villages.

The Indian Telecom sector has witnessed dramatic transformation on almost all the fronts. While monopoly has given place to competitive regime with multiple players, tariffs have been reduced drastically. Long Distance tariff has come down from Rs.30/- per minute to Rs.1/- per minute. Government is set to e-auction radio frequencies for telecom operators to start third-generation (3G) and Wi-MAX services across the country. Spectrum has been allotted to BSNL and MTNL to launch 3G and Wi-MAX services immediately gaining the first mover advantage.

Appreciating operational constraints of BSNL, the license fee for the fixed wireline connections in rural areas has been waived of by the Government. Similarly, recognizing efforts of operators in rural areas, USO levy is being reduced from 5% to 3% for covering more than 95% of the development blocks. This would facilitate reduction in BSNL expenditure and improve profitability.

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DATED: 30/09/2008