

**Special audit of Reliance Communications Ltd.**

283. SHRI DHARAM PAL SABHARWAL: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether it is a fact that Department of Telecommunications (DoT) has ordered special audit of Reliance Communications Ltd. (R-Com) for the Financial Years 2006-07 and 2007-08;
- (b) whether the special auditors have found irregularity in the special audit report;
- (c) if so, whether DOT is ordering special audit for Financial Year 2008-09; and
- (d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT): (a) Yes, Sir. DoT has ordered special audit in case of some Telecom Operators including Reliance Communications Ltd.

(b) The report of the special auditors has been received and is being examined.

(c) and (d) Special Audit for the years 2006-07 and 2007-08 had been instituted *Vide* clause 22.6 of the License Agreement and the same has not been evoked for the year 2008-09.

**Hoarding spectrum of Vodafone**

284. SHRI DHARAM PAL SABHARWAL:

SHRI JAI PRKASH NARYAN SINGH:

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

- (a) whether it is a fact that Vodafone is hoarding spectrum beyond the contracted amount of 6.2 MHz and not allowing other players to start services;
- (b) if so, the details in this regard; and
- (c) the steps taken by Government against Vodafone for hoarding spectrum?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT): (a) and (b) No Sir. GSM Spectrum (start up and additional) to M/s Vodafone has been allotted in accordance with the conditions of the service license and as per guidelines/ orders/ criteria as applicable at the time of such allotment

(c) Does not arise in view of (a) and (b) above.

**BSNL share in mobile market**

285. SHRI GOVINDRAO WAMANRAO ADIK:

SHRI SANJAY RAUT:

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

- (a) whether Government has constituted an Expert Committee to examine various issues relating to the current deteriorating market share and falling revenues of BSNL;
- (b) if so, the details thereof;
- (c) whether these Committees have since submitted their reports to the Government;
- (d) if so, the details thereof alongwith the recommendations, and
- (e) the details of action taken/proposed to be taken by Government for improving BSNL's financial health condition?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT): (a) and (b) Yes Sir. Government has constituted an Expert Committee under the Chairmanship of Shri Sam Pitroda to review the performance of BSNL and suggest measures for improving overall performance of the company.

- (c) The Committee has submitted its report to the Government.
- (d) The salient features of report made by Committee is given in the Statement (See below).
- (e) In addition to the above, BSNL has also embarked upon its systematic transformation exercise in 2008 with the help of a consultant Boston Consultancy Group (BCG) for improving overall performance. Based on the consultancy process, BSNL has taken the following action for improving its financial health condition:

(i) **Organisational Transformation:** The following initiatives have been taken-

- Redesigning the organisational structure on the basis of new verticals -consumer mobility, consumer fixed access, enterprise & new businesses, catering to changed market needs.
- Developing sales & distribution capabilities and expanding distribution channels, creating processes, systems, training and incentives to enable the sales teams and channel partners.
- Developing a system of providing Service Level Agreements (SLAs) for large enterprise customers and focusing on corporate accounts.
- Improving customer care, and after sales service.

- (ii) Leasing of BSNL's Passive Infrastructure to other service providers.
- (iii) Enterprise Business Unit for dealing with Corporate Customers.
- (iv) Commercial utilization of fixed assets.
- (v) Exploring international business.
- (vi) Introducing Fixed Mobile Convergence to add value to wireline telephone.

- (vii) Providing New Value Added Services both on wireline and wireless telephones.
- (viii) **Broadband Services:** In addition to wireline broadband services, BSNL is also in the process of rolling out its WiMAX network to take an initial lead and provide wireless broadband services in all rural blocks in the country during 2010-11. This will help BSNL to increase its ARPU and revenue from broadband.
- (ix) **Fibre to Home (FTTH):** To meet the demand for high bandwidth services, BSNL is rolling out FTTH services for the first time in the country, which is likely to generate substantial revenue in coming year.
- (x) **Use of Information Technology:**
  - Implementation of Call Data Record (CDR) based billing for wireline business.
  - Implementation of ERP for all business processes.

#### ***Statement***

##### *Salient Features of the Report on BSNL*

The salient features of the Report are as follows:

- i. Board to have only one internal Director (MD/CEO), two Government nominees with relevant skills and three independent Directors and one non-executive Chairman.
- ii. The post of Chairman is segregated from executive functions. Therefore, another person should be Chairman, preferably from private sector.
- iii. Salary at market rate to higher level management (estimated around 30-50) on three year contract basis, including the Executives mentioned at (i).
- iv. Besides above one Chief Technical Officer, one Chief I.T. Officer should also be appointed.
- v. Complete the organizational restructuring undergoing now with four business units *i.e.* fixed access, mobility, Enterprise and New Businesses.
- vi. Improve organizational performance and employees productivity by completing the ITS absorption, inducting new talent in technology, I.T., marketing, customer services, sales, etc.
- vii. Retire or transfer 100K employees by schemes like VRS and institute a performance driven culture.
- viii. Bring about changes in procurement processes and procedure, if required, in consultation with CVC.
- ix. Disinvest 30% in stages at appropriate time and use 20% of the proceed for VRS of employees, expansion and operation and 10% may be returned to Government.
- x. Explore new market venues of business.

- xi. Give emphasis on broadband and provide 30 million broadband connections in next three years.
- xii. Unbundle local loop for public and private companies.
- xiii. Use BSNL strength in rural areas and share active and passive infrastructure.
- xiv. Use power of I.T. for re-engineering its systems and process in finance, billing, human resource, customer services, network management, sales marketing project management and training etc.
- xv. Create two separate subsidies; one for tower related infrastructure and other for development of land bank and other real estates.
- xvi. Establish a BSNL Venture Fund for acquiring technology companies to encourage local innovation and manufacturing.

#### **Auction for 3G mobile spectrum**

286. SHRI GOVINDRAO WAMANRAO ADIK:

SHRI SANJAY RAUT:

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

(a) the reasons for the delay to finalise auction for the Third Generation (3-G) mobile spectrum despite a Memorandum of Understanding (MoU) has been signed between Ministry of Communications and Information Technology and Ministry of Defence on 22nd May, 2009 regarding the vacation of 3G spectrum;

(b) whether Government has set any deadline to finalize auction process of 3G spectrum; and

(c) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT): (a) There have been some issues about availability of 3G spectrum in different service areas causing delay in finalizing number of 3G slots to be auctioned.

(b) and (c) Notice Inviting Applications (NIA) incorporating technical, legal and financial aspects associated with auction of 3G spectrum, also indicating the timeline for auction is being issued shortly.

#### **Auction of 3G spectrum**

†287. SHRI LALIT KISHORE CHATURVEDI:

DR. GYAN PRAKASH PILANIA:

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

(a) whether Government intends to carry out auctioning of 3G spectrum in the year 2009-10;

(b) whether in view of its current and future requirement Defence Ministry proposes to release the phase-wise limited number of 3G spectrums;

---

† Original notice of the question was received in Hindi.