

No: SNEA/CHQ/CMD/2015-18/111
To

Dated 04th October, 2018.

**Shri Anupam Shrivastava,
Chairman and Managing Director,
BSNL, New Delhi.**

Sub: Outsourcing of O&M activities of passive infra of Non-collocated BTS sites – the rates needed to be revisited again in view of 1) huge investment BSNL already made in the last few years, 2) the exorbitantly higher rates and 3) revenue from the BTSs:

Ref: 1. 61-11/2018/CMTS Infra /O&M/Post AWO/16dated 03.10.2018

2. Submission of M/s ITI to Bombay Stoke exchange dated 30.08.2018.

Respected Sir,

According to the submissions made by of M/s ITI dated 30.08.2018 to the Bombay Stoke Exchange (**copy enclosed**), M/s ITI has got Advanced Work Order (AWO) for the O&M and Sales & Mkg of the passive infrastructure of 6945 BTS sites of BSNL in UP East, UP West, Uttarakhand and Tamil Nadu Circles for an amount of Rs 6633.56 Crores (inclusive of Taxes). This is for a period of 10 years. Similarly the AWO issued for the remaining Circles vide letter under reference 1 above.

On going through the figures, the following issues requires further deliberation and review:

1. The average cost for mtce of one BTS site is about Rs 80,000 per month (Rs 6633.56 Crores for 6945 BTS sites for 10 years). At the same time, in many Circle/SSAs, the present average mtce cost of BTS site is much less than this amount.
2. The average revenue of a BTS is about Rs 50,000 for Karnataka Circle (a comparative statement attached). At the same time the average revenue for the four Circle for which AWO issued to M/s TI may be even less than Rs 50,000. Then a genuine doubt arises, how it is economically viable?
3. Another question is that, now also, BSNL is investing huge amount for procuring and installing thousands of DG sets, battery, Power plants etc as CAPEX which is part of the outsourced work. Last few years, BSNL replaced thousands of battery sets and power plant with new one, spending crores of rupees. Even in the latest Phase VIII.4 tender, we are procuring and installing large number of DG sets, battery and Power plants worth hundreds of crores.

In case of outsourcing of these activities planned, these huge investment on infra was not required. In other words, once BSNL invested huge amount for providing new DG sets, battery and Power plants, the outsourcing charges should have come down proportionately.

4. It is understood that the EOI was floated in 2014 for the outsourcing. For the last 4 years hundreds of Crores are invested in different BTS sites for providing infra. Naturally, the present situation is to be assessed and the rates require a review.

5. The list of Non-located BTS sites of 2014-15 is changed now after large scale expansion.

In view of the above, it is requested to have a review of the entire proposal, mainly in terms of the rates and the economic feasibility of the outsourcing. It should not become a financial burden on BSNL in the future. It will be highly appreciable, if it can be discussed thoroughly before issuing the final orders.

Outsourcing of the passive infra mtce will definitely ensure far better uptime comparing to the present situation in many Circles and in turn it will be translated into revenues also. Further we want to make it very clear that we are not blindly opposing the outsourcing of O&M mtce for better uptime of our mobile network.

With kind regards,

(Sebastin. K)

Copy to:

1. Smt Sujata T Ray, DIR(HR&Fin), BSNL Board for information and n/a please.
2. Shri N. K. Mehta, DIR(EB&CFA), BSNL Board for information and n/a please.