SANCHAR NIGAM EXECUTIVES' ASSOCIATION

KERALA CIRCLE

(Largest Association of Executives in BSNL)

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To

Sh. C V Vinod,

Chief General Manager Telecom,

BSNL, Kerala Circle,

Thiruvananthapuram-33

Respected Sir,

Sub: Legacy procedures and complex procurement policies badly affecting timely replacement of life expired and faulty passive telecom infrastructure in Telephone exchanges and BTS sites, urgent action solicited to bring radical changes in the procurement policy to improve telecom service quality and revenue generation, our submissions and suggestions, reg:

As we all know, for improving telecom network availability and ensuring enhanced wired and wireless service quality to our esteemed customers, it is very much essential to deploy adequate quantity of passive infrastructure including optimum capacity power plants and battery banks in all our telephone exchanges, transmission stations and BTS sites. Further, timely replacement of faulty/life expired power plant modules and cells is to be carried out on a regular basis in all such stations to improve network availability and quality. Unfortunately, BSNL has not been able to do much in this regard due to its legacy procedures and complex procurement policies being followed even after twenty years of its corporatization in addition to the present acute financial crisis thereby getting forced to compromise much on service quality. This handicap badly affects our telecom network performance and in turn has been causing mass dissatisfaction and churn among its vast customer base. Hence, we are of the considered opinion that it is high time for BSNL to review its age old practices and policies being followed especially for procurement/replacement of powerplants, battery banks and diesel generators which are the most critical and key elements among the passive infrastructure required to enhance telecom network performance.

Drawbacks of existing standards and procedures followed by BSNL for procurement and our suggestions to sort out bottlenecks to improve operation and maintenance of the passive telecom infrastructure are given below.

1. TEC specifications are not being updated periodically as per the market requirements and innovations happening in the telecom industry from time to time. For example, TEC insists AC contactors in power plants which are outdated in the present market, whereas module wise control

is the latest technology available which has been widely accepted by the industry. As BSNL has to follow TEC guidelines, we are not able to procure most modern and sophisticated equipments with latest technologies. Further, in order to participate in BSNL tenders, vendors are forced to get OEMs manufacture products exclusively for BSNL that too with outdated technology. Also, it has been observed that many leading market vendors are not at all interested to participate in BSNL tenders due to these reasons and thus resulting in huge cost escalations during tender process with meager participation and competition from leading vendors.

2. It is understood that some cartel system seems to work outside BSNL with the sole intention of maintaining prices always at a high level and restricting competition among vendors during BSNL procurement. As majority of market leaders are not ready to manufacture TEC specified products, some local companies without much credibility and few takers for their products in market somehow manage to arrange age old TEC specified products and sell it to BSNL at exorbitant price. For example, when other TSPs could procure 300 A power plant for Rs. 50,000, BSNL is forced to accept same capacity power plant at an extravagant cost of Rs.1,25,000/- that too compromising much on technology and quality.

3. The widely accepted industry practice is to purchase power plants as racks and modules as per the field requirement instead of procuring as a single entity. If racks and modules can be procured independently, we can ensure flexibility for operations and can save costs during procurement. Other TSPs are scrupulously following this practice for quite some time. Also maintenance spares can be procured as and when necessitated and AMC charges can be phased out to a larger extent.

4. It is high time to review life span prescriptions by BSNL for infra elements according to the changed industry standards. BSNL still insists fifteen years as life span for power plants, which is actually the life expected from a float rectifier. It may be noted that as per market leading OEMs, life span of SMPS power plant is just five years. BSNL need to take a wise decision in this regard to review life span of power plants as per the prevailing trends in telecom market.

5. Similarly, we have fixed life span of VRLA battery bank as six years for 600 AH sets but it is to be considered that the life of battery banks depends much on charge discharge cycles. As per the field experience, life of those banks is just three years. Six year life is normally expected from lead acid battery banks.

6. At present, other TSPs are replacing VRLA batteries with Lithium-Ion battery sets on a large scale as Li-Ion cells have longer life compared to VRLA type. Also, its discharging current has no limit and charges very fast. Also, Li-Ion cells have the following additional features as well.
    - Provision for easy isolation of faulty cells.
    - Very much compact and occupying less space, thus easy for handling
    - Remote monitoring of performance of individual cells possible.

7. Procurement of power plant and battery sets need to be solely based on field performance reports and feedbacks from installation and maintenance personnel of BSNL. If non performing vendors/products are reported from field, we may consider incorporating necessary provisions in

tender documents for penalizing them and black listing them from participating in future tenders based on their previous performance even if they quote low rate in future tenders.

8. Rating system by field units may be implemented for all equipments being supplied including those purchased from other PSUs. If the score is less than a threshold fixed by BSNL after studying industry accepted standards, that vendor need to be exempted from participating in future tenders of BSNL.

9. Power plant load at a station changes during capacity addition, technology addition and also when the passive infra is shared by other TSPs. As it would be impractical to purchase new power plants during each and every event we may consider incorporating necessary SOR provisions for capacity augmentation in the procurement process of power plants. We can very well purchase spare modules for power plants, thereby catering to additional load requirement effortlessly and economically.

10. The possibility of implementing repair contract with all Power Plant and battery OEMs/vendors may be explored at least for five years from the time of supply.

11. Many of the newly installed battery sets fail after one year of installation due to failure of a few cells in the bank. If we can explore some options for purchasing cells at least for four years from the OEM/vendor who has supplied, BAs can purchase cells, replace them then and there itself with buy back option, which would be cost effective and at the same time would help to ensure proper back up.

12. TSPs are using a mechanism for converting 48 V supply to 12V by an equipment. This would eliminate purchase of DG batteries and its threat of theft from DG sites.

13. Conductance meter can be used to measure the conductance of battery without giving discharge load to cells. This would help us to predict life of battery cells too early and facilitate replacement of faulty cells with good ones to maintain sites with zero outages.

14. Instead of comprehensive AMC, repair maintenance contract need to be ensured for DG sets, Power Plant, AC, other cooling systems, etc for cost reduction and speedy redressal of faults.

15. At present, all financial and decision making powers regarding procurement are vested with Circle/BA Heads which seems to delay things even for spending on account of emergency maintenance activities. If sufficient financial power can be delegated to DGM/DE/SDE levels, operational delay can be considerably reduced.

16. It is high to review financial powers delegated to officers for LPC. At present LPC limit is Rs. 50,000/- per occasion that has been existing from the year 2000, the time of formation of BSNL. These limits have to be revised frequently considering market inflations as well.

17. Operational expenditure to each BA and Circle may be a percentage of revenue generated by them. Circles may be given freedom to meet their expenditure from a portion of the revenue they

generate every month. A percentage of their revenue may be earmarked for meeting emergency operational requirements. Corporate office may fix macro level targets and Circles may be given powers to run business and to spend a fixed percentage of revenue for day to day maintenance activities and urgent capital works.

An alternate proposal, a non CAPEX model, for arranging the most essential infra elements at telecom installations is given below.

1. Instead of outrate purchase of Power Plants, Diesel Generators & Battery banks, BSNL can consider implementing managed service model in its Operations and Maintenance of passive telecom infrastructure in which the Infra Service Provider shall supply the infra elements and maintain it for which monthly/ annual charges shall be paid by BSNL as per the lowest rates matching industry standards and as per the quotes by the bidder.

2. In the proposed infra model, legacy aspects such as TEC/AT/QA procedures etc gets bypassed as done during the roll out of the Ph.8.4 project in which the vendor was given exemptions from those complex procedures except submission of self-declaration and check list to BSNL.

3. It may also be noted that BSNL has been following this model at present for managing passive infra in its leased out BTS sites wherein the lease partner TSPs are allowed to supply all infra elements such as Power Plants, Diesel Generators & Battery banks for which monthly rebate is given against IP charges to be paid by the concerned TSP who supplied the infra elements.

4. However, it may be noted that the rates quoted for these infra elements as agreed in the Master Sharing Agreement and signed by the TSP for sharing our passive infrastructure has been very high when compared to market rates and thus causing huge revenue loss to BSNL at present. But, as we all feel, something is better than nothing, and hence such losses are being deliberately ignored at the cost of penalties that may be imposed by TSPs due to our incapability to provide uninterrupted infra quality to them. It is suggested that in the proposed new model of infra management, the rates are to be compared with prevailing market rates and finalized after studying industry standards.

5. As a sample case, let us consider supply of a 300A power plant by the sharing TSP. The market rate is around Rs. 50,000/- only whereas the sharing TSP is charging Rs. 1.5 lakhs as the power plant cost and we are forced to allow rebate accordingly.

6. The proposed infra model has got many advantages especially when we have severe restrictions on incurring capital expenditure due to financial crisis. Also, as repair of infra elements being the responsibility of the infra service provider, we can expect supply of quality infra elements from the provider.

Considering the above aspects, it is requested that necessary instructions may be given to BAs to procure power plants and batteries where it is required on urgent basis to ensure stable power supply for exchanges and BTSs through LPC or limited tender, whichever feasible, so that we can reduce CAPEX considerably and at the same time can help to maintain depreciation costs favorable for our balance sheets.

It is earnestly requested to consider the above suggestions in the best interest of service to bring radical changes in the Operations and Maintenance segment thereby enhancing our capability to extend excellent service delivery to our esteemed customers and to improve sources of revenue generation so that we can try bringing back pristine glory to the Circle even during the most critical days of financial crisis and in the most competitive telecom market.

Thanking You,

Sincerely Yours

Jithesh K P

Circle Secretary

SNEA Kerala Circle