

SANCHAR NIGAM EXECUTIVES' ASSOCIATION

KERALA CIRCLE

(Largest Association of Executives in BSNL)
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To

Shri C.V.Vinod
CGMT, BSNL
Kerala Circle
Trivandrum

Respected Sir,

Sub: Fiber lease to Kerala vision

Kindly recall the discussion held on 28.07.2021 with us in your chamber regarding the opportunities and threats in the FTTH business sector, which is the only lifeline till BSNL launches 4G commercially. We have conveyed the concern and apprehensions of our members regarding the proposed fibre leasing agreement with M/s Kerala Vision.

It is learnt that Kerala vision has requested for Dark Fibre leasing in 25 routes across Kerala amounting to Rs 3.5 Crore as rent per annum. As per the field reports, Kerala Vision who is the current rival for BSNL in FTTH is struggling hard to retain its customer base due to its congested network capacity and low speed issues. Recently, they had taken 10G connectivity from BSNL to enhance their Bandwidth capabilities in many BAs. As we are aware, Non-Exclusive LCOs, majority of them are Kerala Vision affiliates, have been providing and maintaining BSNL FTTH connections through contract agreement for the last four years. But their performance was disparaging and they even dared to convert BSNL leads to provide connections under Kerala Vision Network without any clue to the customer even. The entire scenario was changed when BSNL started contracting with Exclusive LCOs.

The point-by-point reply to the apprehensions put forth by the management in the meeting is furnished below.

Till their network got congested due to bandwidth and speed issues, the LCOs affiliated to Kerala Vision Broadband Internet Services were not all inclined to provide BSNL connections. A deep analysis will reveal that to sustain in the business in highly volatile market, these LCOs started giving BSNL connections. It is pertinent to note that, these NELCOs prior to that were not at all giving fresh leads through BSNL network, also seen converting our leads to Kerala Vision network without the knowledge of BSNL or even the customers. Now due to high demand of FTTH in the pandemic, a stage has quickly reached that the connections

provided by these Non-Exclusive LCOs have surpassed the connections provided by our Exclusive LCOs.

In the month of July Non-exclusive LCOs provided 13746 (56.7%) FTTH connections against a total provision of 24228 connections in Kerala Circle. See the table

BA	FTTH Provision	NELCO	ELCO	BSNL
CLT	4323	2594	1729	0
CNN	3157	1331	1703	123
EKM	2624	1851	686	87
TCR	2049	922	1125	2
KLM	1985	992	963	30
MLP	1850	961	818	71
PGT	1800	1602	198	0
PTA	1729	1153	569	7
KTM	1610	1044	556	10
TVM	1554	446	1075	33
ALP	1547	850	696	1
Circle	24228	13746	10118	364

If BSNL is offering bandwidth solutions to Kerala Vision to wipe away their bottleneck of congestion in their network, the NELCOs will gleefully go back to Kerala vision network, who is famous for its pro-LCO business model, from where they get better incentives and bonus. It is highly apprehended that we may be pushed back to our early days.

In Kerala circle, on an average we are providing 20000 connections per month. If the present trend continues, Kerala vision affiliated NELCOs will continue to provide 55% of the net FTTH provision. The revenue contributed by these fresh connections for the first month will be 33 Lakhs and 3.96 Crore for one year (11000*300*12) assuming the ARPU as Rs.600. Subsequently 20K provision for the following months would fetch us 3.96 Crore each month. The excess revenue per year will be 51 Crores. By providing a solution to our competitor's bandwidth solutions, if we anticipate 20% shifting (a barest minimum) of new provision to Kerala Vision, we will lose a revenue of 5.1 Crores (Revenue share of BSNL) per annum.

Nowadays TSPs are reluctant to lease their spare optical fibres and are promoting Bandwidth lease to have a control over the traffic. It is also learnt that KV has contacted most of the TSPs and no one accepted the fibre leasing. In the current scenario, getting a solution for them from any other TSP is beyond question.

As you are aware that the basic tariff fixed by BSNL (Rs 20000 per Kilometre of fibre lease vide Lr no 5-152/2011-EB(I) dated 28.11.2013), which is not revised for the last 8 years is not commensurate with the parameters in the drastically changed scenario. Therefore, the lease deed with KV for a basic rate of 24000 is meagre.

Kerala vision, a major competitor of BSNL in the Internet sector is providing the value-added service compared to BSNL because of the triple play. Initially they provided FTTH connections of RailTel. Now they have taken ISP license and established their own connections. Most of the RailTel connections also they have migrated unethically. Our leasing out is only a temporary business to bail KV out of crisis, which would be a shot in the arm till the firm comes out of the present crisis and expected to end once K-Phone is operational.

The major contributor to the increased fault rate of FTTH is the Kerala vision affiliated NELCOs. The main agreement was signed by a big operating firm division/area level and under that umbrella small groups are operating to provide connections. Here these small operators being technically incompetent, not well trained, are not proactive and blames BSNL for their lapses. Because of the three-layered operating structure, the dissemination fault and its disposal are time consuming. They are slowly picking the momentum and are getting familiar with FMS software for immediate fault closure.

It is not because our people push the customers to lower plan, but it is the package announced tempting the customers opt for lower plans. It is a general fact that, if same speed is offered to different FTTH plans the customers will try to migrate to the lowest plan. ITPC may have to block plan change for promotional plans to put an end to such revenue eroding practices.

In nut shell, if we provide a remedy to the root cause of the competitor's problem and corresponding decline in the market share which only helped our FTTH business to flourish, and relying on the easy bucks than propagating long vision and farsightedness, would be tantamount to killing the goose that lays the golden egg.

This association though shocked to hear, would like to ignore the action taken by the management to accept the offer of Kerala Vision in haste, as there is enough time to cancel the order considering the above inputs. If our explanation on the matter is not convincing enough, we would like to have an online meeting with circle administration at the earliest.

Sincerely Yours



Jithesh K P

Circle Secretary

SNEA Kerala Circle