

# FORUM OF MTNL UNIONS / ASSOCIATIONS

T-28 Atul Grove Road, New Delhi-110001

Forum-54/2015/03

Dated-04-08-2015

To,

**Sh. N.K. Yadav**  
Chairman and Managing Director  
Mahanagar Telephone Nigam Limited  
Corporate office, CGO Complex  
New Delhi-110003

Recd  
10.8.15

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P.S to C.M.D.  
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**Sub: An appeal against cancellation of tender for deployment of additional BTS's /Node-B's for mobile service in MTNL.**

Respected sir,

It has been gathered that MTNL management is considering cancellation of the tender approved by the Govt. for deployment of additional BTS's/Node- B's to improve the call completion rate and quality of mobile services. We hold that this move would further cause depression in revenue and market share and ultimately jeopardize revival plan of the company.

## **Background**

Govt has rapidly liberalized telecom industry and now many private operators are operating in the market for both basic and cellular services with significant telecom infrastructure and aggressively targeting high end users with the intertwinement of creamy layer of telecom market with pan India presence. Such competitive pressures are leading to still lower revenue from services to MTNL.

With the existing developments in the telecom market, MTNL has transformed itself from telecom voice service provider to a total telecom solution provider from the angle of technological development meeting customers' wants and needs on affordable tariffs to contain their pull and loyalty to the company and prevent desertion of high end users.

Launch of 3G service on 900Mhz Spectrum may be permitted by Govt. only on payment of market price of the spectrum and the value of which will be quite high. How will MTNL run 2G service, if it uses 900Mhz spectrum for 3G? Although majority of subscribers base of MTNL is 2G users.

In metro area 900Mhz spectrum is prone to more interference than 2100Mhz frequency for Capacity requirement to handle more Data and voice traffic and over-ride the coverage need. Thus 900Mhz does not add any significant advantage over 2100Mhz spectrum to offer 3G service in Metro area. At the same time, 900Mhz spectrum is more costly than 2100Mhz spectrum.

The regulator, TRAI, carried out an assessment of mobile services provided by six operators in Delhi and Mumbai in June and July through an independent agency and found massive coverage gaps in their networks. "Most of the operators are not meeting the benchmarks of the network related parameters." Agency report observed as under, namely-



**“They (operators) failed to achieve the benchmarks due to high block call rate, high drop call rate, low call setup success rate and poor quality.”**

On investigation, TRAI found the biggest reason for deteriorating quality of service as the inability of telecom operators to proportionately increase the number of telecom towers.

**Technology support for promising quality of services**

To survive in the market, every operator has to move with the market forces and to adopt promising technology for competitive quality and delivery of services at competitive cost. As we have indicated earlier in our letter No. Forum-54/2015/02 dated 25.05.2015 addressed to Hon'ble Prime Minister of India that dismal call completion rates are at the heart of MTNL's problems which has resulted in poor appetite for its mobile services in the recent years. After considering the inputs from M/S Deloitte consultant and revenue targets, company has initiated deployment of additional BTSs/ Node. B's. Initially around 1080 node B's & 800 BTS's in Delhi and 1080 Node-B's & 566 BTS's in Mumbai were proposed to be added to reduce the rate of call drop and protect our investment in mobile service by increasing its GSM customer base to 7.4 million or double its market share by adding about 4 million customers. The revenue of the company is estimated to make a spurt of Rs 500 crore on a conservative estimate of Rs. 105 ARPU.

**Furthermore,**

Irrespective of the fact whether merger of MTNL and BSNL takes place, the equipment is needed for improvement in services. As such, this anticlockwise move of management, without sufficient reason/logic based on sound business processes and practices, may put MTNL financially to a stage by which it shall be declared as insolvent within 3 years. Admittedly, the expansion and access of mobile network to each and every customer and installation of WIFI network on BTS's to make seamless connectivity of internet on demand, is the need of hour from the angle of quality-cost-delivery (Q-C-D) parameters of telecom services.

It is, therefore, submitted that care should be taken by MTNL management that the process of leverage of competencies in telecom services and revival process of the company is not damaged.

The **Forum of MTNL Unions and Associations** envisages that the move for cancellation of the mobile tender for deployment of additional BTSs/Node-Bs should be dispensed with.

Your kind honour is requested to use your good offices so that no imprudent decision in a Topsy-Turvy manner is taken to revert the earlier decision approved by the Govt.

With profound regards.

  
(V.K. TOMAR)

Chairman & General Secretary-MEA

Yours faithfully



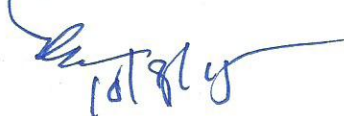
(DHARAM RAJ SINGH)

Convener & General Secretary MTNL-MS

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