

Point of view of the Consultant on Non-Territorial Circles – As-Is

BSNL vis-à-vis market practices

Non-Territorial Circle	As-Is Role	Market Practices
Projects Circle - There are four regional Projects Circles and one North East Task Force at BSNL - The role of the Projects Circle is as follows: - Execute NLD and inter – Circle network expansion projects - Support and guide execution of inter SSA network expansion projects - A major part of project execution is in-house (cable laying) - Each Projects Circle has fixed regional setups under them for execution of projects. There are 37 such regional setups across India - The total manpower based in Projects Circles is as follows: - Executives – 1221 - Non-Executives – 2165		- Regional setups for Projects - However, following are the key differences between BSNL's as-is setup and market practices: - There are no fixed sub-circle setup: other telecom players operate on flexi-field setup basis - The entire project execution is outsourced and field setup is involved in monitoring the same - Private Sector Telecom players do not have any non-executive manpower on their rolls Other PSE's practices with respect to Projects: - In capital intensive PSEs in Power Transmission, Generation and Oil sector, the work executed per Executive per year varies from 10-30 Crore per year

Projects Circle	Capex FY 2012-13 (INR Crore)	Capex FY 2013-14 (INR Crore)
WTR	111	60
ETR	117	51
STR	210	135
NTR	276	67
NETF	6	26
Total	720	339

Source: BSNL data, Deloitte's analysis

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BSNL vis-à-vis market practices – Contd.

Non-Territorial Circle	As-Is Role	Market Practices
Maintenance Regions	- There are four regional Maintenance regions at BSNL with multiple sub-regional offices below each Maintenance Region - The role of Maintenance Region is as follows: - Maintenance of NLD and Inter-Circle network post take-over from Projects Circle - Support and guide maintenance of inter SSA network - Entire maintenance is in-house and the total manpower based in Maintenance regions is as follows - Executives – 3256 - Non-Executives – 5935	- Other Telecom players including MTNL do not have a separate Maintenance Region - All private sector players have outsourced O&M - The responsibility of monitoring the maintenance of network lies with territorial circles - None of the Private players have any non-executive manpower for this purpose

Point of view of the Consultant on Non-Territorial Circles

Recommendations

Non-Territorial Circle	Recommendations
Projects Circle & Maintenance region	Key points to consider in line with capital intensive nature of work: ▪ Project set is task based. The project set up is kept flexible and deployment also varies depending of project activity level ▪ BSNL created separate project and maintenance set up with permanent project set up at field level with the assumption that there will be continuous project work. However, discussions revealed that project work has tapered over a period of time, whereas no changes have been made in the set up In line with the business revival initiatives, following is recommended: Maintenance Regions: ▪ Maintenance region to remain operational till such time O&M is in-house. As and when O&M is outsourced (FY 2016-17), the maintenance regions will not be required. ▪ In such a scenario, the maintenance region manpower to be carried as supernumerary till retirement Projects Circles: ▪ Entire projects setup to operate from five regional offices and discontinue existing practice of fixed sub-regional offices ▪ The recommendation is in line with market practices where projects manpower is deployed on flexi-deployment basis as per project manpower ▪ Projects manpower to be as per internal benchmark norm of capex (INR) one crore per executive (north telecom projects circle)

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BSNL vis-à-vis market practices – Contd.

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	▪ The Inspections Circle's key roles is as follows: – Acceptance testing for all Core Network Projects – Defining guidelines for acceptance testing of all Access network projects (Acceptance testing is done by Territorial Circles) – Prepare test schedule and conduct testing of Core network Transmission equipment – The testing of OFC is done by territorial circles in line with guidelines defined by Inspection Circles – Monitoring the service quality (QoS) of territorial circles though constant monitoring of service quality of multiple parameters – Investigation of fire cases and reasons thereof ▪ The QA circles key role is as follows: – Test inspection of equipment imported from outside – Floor testing for equipment manufactured within the country: – Sample basis for distributed equipment – 100% for Core Network	▪ The other Telecom Players have a combined Quality Assurance and Inspection department and the same is based at the Corporate office ▪ The role of QA & I department at Corporate is to define policies and procedures for conducting Inspections, Testing of Equipment and Acceptance Testing before hand-over of the project ▪ The above mentioned activities are being managed at Territorial Circle level
Inspections Circle		
Quality Assurance Circles		
Circle	Recommendations	
Quality Assurance Circles and Inspections Circle	▪ BSNL has separate QA & Inspection set up for dealing with manufacturer site quality inspections and BSNL site project construction quality inspection ▪ BSNL may re-organize Inspection/QA function in line with market practices ▪ The QA & I manpower to be revised as a factor of change in projects manpower as per market practices	

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BSNL vis-à-vis market practices – Contd.

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Telecom Factories and Telecom Stores	- The Telecom Factories at BSNL are responsible for manufacturing equipment such as: - MDF Splitter, SIM Cards, C.T. Box, Line Jack Unit (LIU), OF terminal box, Single mode OF jumper, hand telephone set etc - The factories also manufacture Microwave Towers & Telephone Poles - Telecom Stores are playing the role of Central Procurement for BSNL for Core Network / high value equipment	Private Sector players do not operate Telecom Factories
Training Centers	- There are three Apex Training Centers at BSNL providing a boutique of Technical, Managerial, and Financial trainings. There are multiple Regional and District level training centers at BSNL - The Regional Training Centers are under the administrative control of respective Territorial Circles. However, the Corporate Training department ensures alignment of course content, design, and delivery is in line with overall objectives of BSNL - The training centers have over the years transformed into centers for revenue generation by providing technical and telecom management trainings to students as well as corporates	- While private sector players have a defined Training & Development setup at Corporate office, the role of such a setup is to identify training needs and deliver in-house training programs through various modes such as Web-based, Class room trainings etc. - Wherever possible, the private sector players utilize external training agencies for delivering trainings to reduce fixed costs - The PSUs in other sectors such as Power and Oil have a centralized Institute that delivers all technical and managerial trainings

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Point of view on Non-Territorial Circles – Recommendations

Non-Territorial Circle	Recommendations
Training Centers	▪ The training centers have evolved into a center of revenue and may be looked as a Center of Excellence especially with Govt's focus on skill development in the near future ▪ BSNL is also looking at ALTTC and BRBRAITT as profit centers in future and they have started making progress in the same direction. Their demand in future will increase on account of specialized technical skills required by the industry ▪ The skills / training imparted by NATFM are not unique in the market and BSNL may consider discontinuing the same
Telecom Factories and Telecom Stores	▪ BSNL may take a business decision of winding up Telecom Factories ▪ Note: It is important to note that the as-is manpower in the Telecom Factories including all Industrial Engineers should be carried as-is and their terms, conditions, compensation and Terminal benefits must be protected under all conditions ▪ Consider discontinuing telecom Stores and their existing role of central procurement for eastern / north eastern region may be assigned to the West Bengal Circle Office

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