

The Indian telecom market is currently the second largest in the world. The sector has witnessed exponential growth over the past few years and is making a large contribution to the country's GDP. The growth has been on account of several initiatives taken by the government and the Telecom Regulatory Authority of India. The policy and regulatory framework has continuously evolved over time, which has ensured the optimal usage of infrastructure resources and overall economic growth in the country. The Indian telecom sector is expected to create more than 4 million direct and indirect jobs over the next five years owing to various government projects to further improve telecom connectivity across the country. It is these business opportunities that Bharat Sanchar Nigam Limited (BSNL) is targeting for its future growth.

The company is currently undertaking several projects that aim to increase telecom penetration across the country, especially in the rural areas. For instance, BSNL is working on a project for the defence forces. Under this project, the company is setting up an optical fibre cable (OFC) network of 57,000 km. The project is expected to be completed in the next two years. As per the agreement between the telecom and defence ministries, once the project is completed, the defence forces will give the spectrum to the government. Another project being implemented by BSNL is the National Optical Fibre Network project for Bharat Broadband Network Limited, under which 250,000 gram panchayats will be provided broadband connectivity. BSNL is responsible for laying over 170,000 route km of OFC network covering 75,000 villages.

BSNL is also working on a project to provide telecom services in Naxal-affected areas, which the company claims has been the most difficult to execute due to security threats. Under this project, BSNL is installing 1,800 base transceiver stations (BTSs) and is required to complete the project within the next 8-10 months. Given the government's growing focus on the adoption of green energy in the telecom industry, BSNL intends to power the equipment through solar energy. The operator is also involved in a project for augmenting telecom connectivity in the north-eastern region. The company is setting up a GSM network in the uncovered villages of Arunachal Pradesh and a few districts of Assam.

Apart from the government projects, BSNL is focusing on ramping up its own network. The company is planning to extend its Wi-Fi network to over 2,700 cities and expand its OFC backbone network. Another focus area for BSNL is fibre-to-the-X network, where the company has already invested about Rs 10 billion. Further, it is replacing its core equipment of time division multiplexing based switches with IP technology; two switches have already been commissioned including the one in Bengaluru. It is also expanding its next-generation network

to more cities and intends to purchase 4 billion lines. In addition, BSNL is expanding its GSM network through the installation of more than 20,000 BTSs in 2015, which will increase the total count to 90,000. Under its Phase 8 expansion project, BSNL will be integrating Wi-Fi and long term evolution networks with existing GSM and UMTS infrastructure. Meanwhile, the company will increase its focus on active network sharing and intra-circle roaming, as well as the enhancement of 2G and 3G network coverage. BSNL is also working towards the outsourcing of a converged billing system for its entire gamut of services offered through landline, GSM, multiprotocol label switching and leased lines.

However, BSNL, like most operators in India, continues to face significant challenges in network deployment and project execution. One of the biggest issues has been securing right-of-way approval from the government authorities. Operators have to seek permission from multiple authorities including the forest department and local municipalities for setting up telecom networks. Further, in rural areas, the lack of grid power supply is a huge impediment. In order to overcome this, BSNL is planning to use solar energy to power its BTSs being set up in Naxal-affected areas. However, given that the cost of clean energy is still higher than that of conventional power, the government should provide some tax benefits for the adoption of the former over the latter.

Going forward, BSNL intends to invest more than Rs 70 billion per annum in the next three to four years for network expansion. This is a significant increase in capex from the past two to three years, when BSNL was able to invest only Rs 30 billion. As far as its near-term plans are concerned, the company soon intends to issue a tender to outsource operations and management of its BTSs and broadband business. For the latter, expression of interest will be initially invited only for seven to eight cities. If successfully implemented, BSNL will outsource operations in other cities as well. The operator is also planning to float a tender for the provision and outsourcing of converged billing solutions.

Based on a presentation by N.K. Mehta, Executive Director, Consumer Access, Bharat Sanchar Nigam Limited

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