

No: SNEA/CHQ/CMD/2015-18/35

Dated 27.09.2016.

To

**Sri Anupam Shrivastava,
Chairman and Managing Director,
BSNL, New Delhi.**

Sub: Provisioning of Broadband Services on cable TV network. Relaxation of the conditions and EoI provisions required to make the offer attractive for local cable TV operators.

Respected Sir,

BSNL is facing strong competition from RailTel and other operators in provisioning of broadband internet services. They provide FTTH Broadband services through the Optical Access Network of Local Cable TV Operators (LCOs) even in Rural and Remote villages. Our existing ADSL broadband connections are being grabbed by RailTel FTTH services.

BSNL CO issued guidelines for providing FTTH connections through cable TV network. An EOI in this regard is circulated by BSNLCO. However no progress is made in this regard by most of the Circles, incurring huge revenue loss and business to other competitors in this field. Some of the issues brought to our notice by different Circles in the EoI agreement for the provisioning of Broadband Services on cable TV network are furnished below.

1. Other service providers including RailTel exponentially expanding the FTTH based broadband services through the Optical Access Network of LCOs. The OLTs are installed by LCOs. The OLTs are available in market from Rupees fifty thousand onwards (Rs 50000/). The cost of compatible ONTs is as low as Rs 1000 in the local market. As an example in Kerala Circle, the estimated customer base of RailTel and other private service providers is more than six lakhs whereas the BSNL ADSL broadband customer base is 6.5 lakhs. So wherever required, permission may be granted to use the OLTs of LCOs or BSNL till we establish our network.

2. The existing EoI stated that "**BSNL will provide connectivity for Broadband services to the eligible company/firm at tier-2 locations**". As the tier -2 locations are very few and far away from LCO's locations, it is very difficult extend the connectivity to LCO's premises. It is requested grant approval to extend connectivity to the LCOs from BSNL telephone exchanges wherever technically feasible. This is very much essential to explore the business opportunity with LCOs. Since our competitor RailTel is extending connectivity from Railway stations to the LCO's premises through an intermediary called MSPs (Managed Service Providers).

3. The FTTH connections are to be provided in all areas where BSNL is not having optical fibre network, feasible or non feasible areas. From the feasible areas, other operators are

grabbing our broadband customers through FTTH connections. To arrest the surrender of existing BB connections, they may be permitted to migrate to FTTH connections on demand.

4. The performance bank guarantee to be submitted by the local cable TV operators (LCOs) may be reduced to Rs 25000/- . In most of the SSA/Circles, the Local Cable TV operators are small entrepreneurs with small service area even less than one SDCA. Majority of LCOs have customer base ranging from 600 to 1000 households with well established Optical Fibre Access Network. **Kindly note that the security deposit collected by RailTel from LCOs are Rs 20,000/- only. Otherwise CGM/SSA heads may be given permission to relax the quantum depending upon the business potential of the area.**

5. In the present situation, to develop a full-fledged FTTH access network is time consuming and the delay may cause to lose our valuable Broadband customers. Therefore utilisation of existing fibre optic access network of local cable TV operators is a potential business opportunity to BSNL.

6. The BSNL FTTH services and RailTel Internet Services are simultaneously tested in the OLT of a local cable TV operator in Kerala. The testing was successful and it was witnessed by then Kerala CGM Sri. L. Anantharam.

7. The great business opportunity by utilising the fibre optic access network of local cable TV operators may be effectively utilised by suitably changing the model and EOI.

With regards,

(K. Sebastin)

Copy to: Sri. N. K. Gupta, DIR(CFA), BSNL Board for information please.