

Ringling in change is more than a call away at MTNL, BSNL

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- Indian job market will get a boost if Narendra Modi-led BJP forms govt: Experts Toll on the party NCP's Praful Patel keeps options open, says 'country needs stable govt' Narendra Modi, Rajnath Singh, Nitin Gadkari, Arun Jaitley quartet to lord over BJP now

The BJP's prime ministerial candidate Narendra Modi has said that instead of privatising non-performing PSUs, his priority would be to professionalise them. To buttress his case Modi cites the example of Gujarat where as the chief minister he has been successful in doing so.

However, there are some central PSUs that at a stage where professionalising them may not have much effect. The case of state-owned telecom service providers MTNL and BSNL is an apt example. Though they still have not got a proper bailout package — despite a case for it having been made out — sporadic efforts at professionalising them by hiring consultants have been going on for the last few years with little to show for it. Meanwhile, the telecom market led by private operators has moved too far ahead for the two PSUs to catch up even if a so-called professional management is put in place.

Both companies have been saddled with losses for over three years running. The listed MTNL posted losses of R5,321.12 crore in FY13 while BSNL's loss stood at R8,198 crore. Both have a bloated workforce, which is a legacy issue for them. The employee cost for MTNL as a percentage of revenue is 103% while for BSNL it stands at 49%. This is when the industry average is around 5%. Compared to, say, Bharti Airtel, which has a total employee base of 18,975 with a subscriber base of around 200 million, BSNL has over 2.5 lakh employees and 94 million users, and MTNL 39,245 for managing 3.37 million customers.

The less said about the subscriber profile of the two companies the better. Around 40% of BSNL's subscribers are inactive and in the case of MTNL, the figure stands at around 36%. For private sector mobile operators like Bharti, Vodafone and Idea Cellular, the share of active subscribers is over 90%.

The two PSUs rank poorly even on the average revenue per user front. The Arpu for private companies like Bharti is upwards of Rs 150 whereas for BSNL and MTNL it is around Rs 90-100.

The first bailout for the two was provided by the government recently when it agreed to refund around Rs 11,000 crore — Rs 6,724 crore to BSNL and Rs 4,600 crore to MTNL — in lieu of their surrendering their broadband wireless spectrum. In fact, financial assistance has always been given to BSNL either in terms of access deficit charge, grant through the universal service obligation fund or reimbursement of licence fee. The two were also given spectrum for 3G and BWA services much ahead of the competition.

What is interesting is that now the two companies have stopped talking about their plans to revive their telecom business and regain lost market share.

The focus has now shifted to somehow reducing expenditure or keeping it under tight control and try to earn revenues from non-core areas like renting and leasing of real estate and towers, and leasing of their CDMA network.

Given that most PSU firms have good real estate, MTNL has charted out a long-term plan to monetise such assets, projecting the generation of an additional income of Rs 10,000 crore through such measures. The catch is that this is not the first time it has stated this intention. For more than six years, the two companies have been talking about and making plans for monetising their real estate assets but nothing much has happened till date.

Recently, the two have also been in discussions about tapping their operational synergies to cut costs and maximise revenue and bring about customer satisfaction. However, synergy between the two already exists in terms of roaming. The latest proposal is that the two would not need to pay any interconnection charges to each other. However, in the past too MTNL hardly ever paid this charge to BSNL and the disputes were always put in abeyance by the telecom department. Now merger between the two — initially proposed, discussed and abandoned in 2006 by the government on the grounds of non-feasibility — now it is being talked about once again. It makes sense but would require several legacy issues to be solved first.

In the case of BSNL, some business restructuring was done around 2009 on the basis of a report by the Boston Consulting Group. Later, a report on its restructuring was also submitted by Sam Pitroda but nothing substantial came of it. Not only is decision making slow in these PSUs, they are also behind business trends prevalent in the sector. So while all the private operators hived off their towers into separate companies long ago and entered into sharing of this passive infrastructure, BSNL woke up to it only towards 2010-11 and though the in-principle decision has been taken, the spinning off and sharing bit is yet to see the light of the day.

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Trai recommends BSNL to set up of new gateway for satellite phone service

New Delhi: Telecom regulator TRAI today recommended that BSNL be allowed to set up a new gateway for providing satellite phone services, a move that will address the urgent requirement of this facility by security forces.

"The DoT may authorise BSNL to establish Gateway immediately under 'sui generis' category," Telecom Regulatory Authority of India said in its recommendation. The recommendation from TRAI has come following demands from security agencies to DoT, the nodal body for authorising communication services, for setting up a satellite phone gateway in the country.



The Department of Telecommunications (DoT) in December 2013 had sought TRAI's view on providing 'INMARSAT Services' under new telecom licences.

International Mobile Satellite Organization (INMARSAT) was set up under aegis of United Nations in 1979 and India was one of the founding members. India had set up one gateway required for satellite phone service in Pune under Videsh Sanchar Nigam Limited (now Tata Communications Ltd).

However, new licence conditions in 2001 made it mandatory to set up gateway in country for satellite phone services and currently there is no company that holds permit for the same. Satellite phones in India are presently provided by TCL, which inherited the licence from VSNL. Some limited number of users of land mobile have also been permitted by the DoT on a case-to-case basis.

There are 1,532 authorised satellite phone connections that can operate within country and a majority of them are used by security forces. TCL has also issued 4,143 permits to maritime community for use of such phones at ships.

Trai said that there are security concerns on some satellite phones used by paramilitary forces that were supplied by foreign operators.

There is a possibility that communication through such phones of being monitored by foreign agencies as their gateways are located outside India, it added. Also, a foreign operator who has provided these terminals does not have any valid licence in the country. The terminals were provided at during recent emergency relief operations.

"Because of these reasons, defence has not opted for satellite phones from the foreign operators and they and other security agencies have been demanding for a long time for establishment of a new gateway in the country which can support new generation handsets for land mobile connections," TRAI said.

Presently, there are many terminals with security forces that will progressively become non-operative starting September 2014, the regulator said.

TRAI has recommended that DoT may consider request of BSNL for waiver of entry fee, processing fee and performance bank guarantee for such authorisation.

The regulator recommended that DoT may levy a licence fee of 8 per cent from revenue that BSNL will earn from satellite phone services.

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BSNL exploring ways to improve Internet connectivity in north-eastern States

Looking to tie up with Bangladeshi firms for leasing bandwidth

State-owned Bharat Sanchar Nigam Ltd (BSNL) is in the process of firming up plans to put in place an alternative route for improving Internet connectivity in six north-eastern States through Bangladesh.

Compared to the National tele-density average of over 76 per cent, the north-eastern States (Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura; apart from Assam) have approximately 60 per cent tele-density.

The telco is looking to finalise the technical and financial details to lease bandwidth from Bangladesh Telecommunication Ltd – a Bangladeshi telecom operator – and, Bangladesh Submarine Cable Company Ltd, a fibre-optic submarine cable telecom company.

According to an internal note of BSNL, it has “constituted a team” for finalising the proposal with their Bangladeshi counterparts. The team will “soon” be sent to Dhaka.

The route so proposed will be through Chennai to the North Eastern States via Cox’s Bazar (Bangladesh). (Assam is considered as a separate circle in telecom parlance; hence not included.) The proposed optical fibre network, for Agartala-Cox’s Bazar-Chennai, will be on submarine (deep sea) cable.

Geographical proximity of Cox’s Bazar to these states is one of the reasons. Also important is the location of Bangladesh’s only submarine cable landing station at Cox’s Bazar (required for laying the optical fibre network).

Bangladesh is connected through the international Internet gateway or SEA-ME-WE 4 (South-East Asia – Middle East – Western Europe 4) cable system.

Connectivity issues

The cable system, developed by 16 telcos globally, links Singapore, Malaysia, Thailand, Bangladesh, India, Sri Lanka, Pakistan, the UAE, Saudi Arabia, Egypt, Italy, Tunisia, Algeria and France.

The current Internet link in the North-East is the Dharmanagar (Tripura) – Shillong (Meghalaya) – Kolkata (West Bengal) one; that is often affected by natural calamities.

BSNL, apart from Aizwal (Mizoram) and Itanagar (Arunachal Pradesh), has been able to provide Internet connectivity in the North-East through the otherwise circuitous ‘chicken’s neck region’ route through hiring of “adequate bandwidth” from Power Grid Corporation Ltd.

Cost analysis

According to the internal note, BSNL has suggested that an ILD-Gateway at Agartala, Tripura be set up at an estimated cost of 20 crore.

An international long distance (ILD) gateway is a telephone number through which calls are routed to get cheaper rates on international long distance charges, or for making voice over Internet protocol (VOIP) networks.

Another 13 crore will be spent in augmenting the existing internet network of BSNL in the region. Funds, sources said, will be provided by the Centre under the United Service Obligation Fund of India

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Kapil Sibal hopes successor will challenge TDASAT ruling on 3G ICR

Telecom Minister Kapil Sibal today expressed the hope that his successor will challenge the TDSAT ruling on 3G roaming pact between telecom operators.

NEW DELHI: Telecom Minister Kapil Sibal today expressed the hope that his successor will challenge the TDSAT ruling on 3G roaming pact between telecom operators, while maintaining that the present regime did not allow such arrangements.

"The government position is very clear on it. Courts are entitled, TDSAT is entitled to rule the way it is ruled. I hope the successor government will challenge it," Sibal told PTI in an interview. The Telecom Disputes Settlement and Appellate Tribunal (TDSAT) on April 29 allowed Airtel, Vodafone and Idea Cellular to continue their 3G ICR (intra-circle roaming) agreement, two-and-a-half years after the Department of Telecom (DoT) and the operators got into a dispute on this.

When asked why the DoT is not approaching the apex court under present regime, Sibal said: "On 16th (May) the election results come and this all takes time. You take opinion of ASG or whatever then you move court of law. I even haven't read the judgement. I hope it happens. Successor government may take different position. This is present government position."

The 3G pact enables companies to sell 3G services in parts of the country where they do not even hold 3G spectrum but can use their partners airwave frequencies under the agreement. [Airtel](#) has 3G spectrum in 13 out of 22 service areas, Vodafone in 9 and Idea in 11 circles. With help of 3G ICR pact, the trio are now able to provide 3G services throughout the country, except in Odisha.

"The Department's views are my views otherwise the Department would have not opposed the 3G ICR, but we are not loggerheads with operators. There is a regime... (there are) certain licence conditions and we all must abide by those licence conditions. Under those licence condition 3G ICR was not allowed," Sibal said.

He said there are other telecom operators who have paid licence fee for a particular circle. "You can't

allow others to access consumers from that very circle where people have paid licence fees (under same rule). They are operators who are not using it and there are operators who are against it," Sibal said.

The minister, however said, the successive government can think of regime where such agreement among telecom service providers can be allowed but "under the previous regime it was not allowed". Airtel, Vodafone and Idea had said that allowing 3G ICR for high speed mobile internet services would benefit consumers as they will have more choices at competitive rates. The minister said that the present government has taken position and "whether that position is right or wrong will be decided by the Supreme Court."

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Deal for fast Net speeds- with Bangladesh Submarine Cable

Agartala, May 14: Bharat Sanchar Nigam Limited (BSNL) has signed an agreement with Bangladesh Submarine Cable Company Limited (BSCCL) to buy bandwidth for the northeastern states.

Initially, 10 Gbps (Gigabits per second) bandwidth will be supplied to Agartala, Silchar and Aizawl and then the supply will be widened to cover other states of the Northeast in a phased manner.

Chairman-cum-managing director, BSNL, D.P. Singh, signed an agreement in this regard with his BSCCL counterpart in Dhaka on Monday. The deal will allow BSNL to provide faster Internet speeds in the region.

BSNL sources said the price of initially supplying 10 Gbps bandwidth has not been fixed yet but Bangladesh is likely to demand around Rs 1.5 crore.

“According to the understanding reached at the meeting, bandwidth of 10 Gbps will be made available to Agartala in Tripura, Silchar in Assam and Aizawl in Mizoram through Akhaura, west of Agartala, within the next six months. But gradually the quantum of supply will be increased to 40 Gbps to cover the rest of the Northeast,” a senior BSNL official here said.

The agreement has been signed for three years but there is scope for renewing or extending the agreement, he said. “Internet speed mainly depends on bandwidth and experience has shown that bandwidth from submarine cables is much faster than that from satellites. This is where Bangladesh comes into the picture because of its bandwidth availability from submarine cables,” the BSNL official said.

The BSNL delegation met officials of the Bangladesh telecom ministry and BSCCL and arrived at the agreement. According to estimates by Bangladesh, BSCCL can annually earn Rs 4 crore by supplying 40 Gbps bandwidth to the Northeast.

Currently, Bangladesh possesses high-speed bandwidth of 200 Gbps but it requires only 30 Gbps of this bandwidth. So, the surplus can be supplied at reasonable international prices to neighbouring countries and India's Northeast is the obvious first choice as customers.

"Till 2021, Bangladesh will be in a position to supply us bandwidth. This will help the Northeast," the BSNL official said.

In the meeting, the BSNL CMD also displayed a keen interest in tele-transit of bandwidth between India and Bangladesh. "BSNL's calculation is that if tele-transit facility is available, India will be able to ensure outreach of bandwidth from the western part of the country to the eastern part, specially the Northeast. Singh also stressed that both Bangladesh and the Northeast should be part of a network connecting Myanmar and Afghanistan. This larger issue can be settled only if the Bangladesh government agrees to this," the BSNL official said.

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Only 2 firms bid for telecom network proj in naxal-hit areas

Only two players, Vihaan Networks and HFCL, have submitted bids for setting up telecom network in naxal-hit areas, a project which already has faced delays due to the pricing issue.

"Two companies-Vihaan Network Limited and HFCL have submitted their bids. Their techno-commercial bids have been opened. We expect to finalise bids within three weeks from now," BSNL Chairman and Managing Director R K Upadhyay told PTI.

The Ministry of Home Affairs has been pushing for installation of mobile towers in naxal-affected area since 2010. Absence of mobile services has made it tough for the security forces to operate and get timely help in critical situations, leading to loss of lives in some incidents.

The government has identified areas in the states of Madhya Pradesh, Chhattisgarh, [Andhra Pradesh](#), Bihar, Jharkhand, Maharashtra, West Bengal, [Odisha](#) and Uttar Pradesh.

The government, in May 2013, had approved a cost of about Rs 3,046 crore for the project.

The project was to be completed by June but its progress was stuck due to wrong estimates given by the Department of Telecom, official sources said.

There was a difference of about Rs 789 crore between the actual requirement submitted by BSNL and the budget approved by the Cabinet, sources said.

The higher estimates were placed before inter-ministerial panel Telecom Commission on March 27 which directed BSNL to re-tender the project.

But this time only two players turned up for the project against three bids in the previous round. Also, no foreign telecom gear maker showed interest in the project.

"I am pleased that reputed Indian telecom equipment makers have again come forward for this project. BSNL and government should take speedy direction to that effective communication network is established in these area to meet dire need of security forces," industry body TEMA Chairman NK Goyal said.