

BSNL gets Rs 6,234 crore demand notice from Income Tax Dept



New Delhi: The Income Tax Department has served a demand notice of Rs 6,234 crore to state-run BSNL for allegedly under reporting income in assessment year 2011-12.

BSNL Chairman and Managing Director AN Rai said: "We have appealed against the notice before Income Tax Commissioner. It is an incorrect assessment."

The public sector telecom firm BSNL had reported widening of loss to about Rs 8,850.70 crore during 2011-12 mainly due to regulatory expenses and non-receipt of funds for its rural landlines operations.

BSNL posted a decline of about 6 per cent in total revenue for 2011-12 to Rs 27,933.5 crore during the year, compared to Rs 29,687.62 crore it posted a year ago.

Telecom Minister Ravi Shankar Prasad is learnt to have written to Finance Minister Arun Jaitley on the matter earlier this week for resolution of the issue.

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BSNL loses over 21 lakh users in June



New Delhi: BSNL lost over 21 lakh wireless subscribers in June as the state-run telco cleaned up its base of non-active users.

According to the figures released by sectoral regulator TRAI, BSNL lost 21.40 lakh subscribers in June and its user base has shrunk to 8.94 crore at the end of month.

"The reason for the decline is that we are removing non-active customers as part of the clean-up. The non-active users have been accumulating in the user base for the last 10 years and now we are removing them," BSNL Director (Consumer Mobility) Anupam Shrivastava said.

He said the exercise will also help in freeing more numbering resources.

He said earlier since the spectrum was linked to user base so telecom operators tend to show non-active subscribers also as part of the user base but now spectrum is de-linked from users, so there is no need to keep the non-active ones.

Other state-run operator MTNL too lost 30,304 users during the month and its base is reduced to 33.66 lakh.

Telecom Minister Ravi Shankar Prasad said in Parliament that the public sector firms are losing market share.

The market share of BSNL has come down to 12.3 percent at the end of May 2014 from 13.27 percent at end of March 2012; whereas that of MTNL stood at 4.83 percent at May?end, 2014, he added.

Prasad said the government has taken measures to revive the two state-run telecom firms which include waiver of Rs 1,411 crore government loan to BSNL and financial support of Rs 6,724.51 crore to BSNL and Rs 4,533.97 crore to MTNL on surrender of broadband spectrum.

In 2012-13, MTNL recorded a net loss of Rs 5,321.12 crore on annual revenue of Rs 3,428.6 crore.

BSNL losses, as per unaudited results, stood at Rs 8,198 crore for 2012-13.



Karnataka and Rajasthan reported highest number of MNP requests as of June 2014

TRAI has come up with the data by the service providers that throw some light on the pattern of the MNP state wise and region wise. According to the data by end of June 2014 a total of 123.87 million subscribers have

submitted their request for port out to different operators. This report however highlights the requests received and this will differ from the actual number of people who have ported from the network.

Service Area Wise MNP Status at the end of June, 2014			
Zone -1		Zone - 2	
Service Area	Number of Porting Requests	Service Area	Number of Porting Requests
De lhi	4738057	Andhra Pradesh	11519955
Gujarat	10509774	Assam	427471
Himachal Pradesh	425236	Bihar	2874998
Haryana	4652505	Karnataka	14029070
Jammu & Kashmir	24507	Kerala	47 16977
Maharashtra	9664130	Kolkata	2792045
Mumbai	5550648	Madhya Pradesh	7029462
Punjab	4279184	North East	219753
Rajasthan	12452458	Orissa	2624633
Uttar Pradesh - East	6679919	Tamil Nadu	7418856
Uttar Pradesh - West	6520433	West Bengal	4716708
Total	65,496,851	Total	58,369,928
Total (Zone-1 + Zone-2)			123,866,779
Net Addition (in June, 2014)			2,394,147

The service areas have been broadly classified as Zone 1(Northern& western India) and MNP Zone 2 (Southern and Eastern). In the Zone 1 maximum numbers of requests have been received in Rajasthan (14.03 million) circle trailed by neighboring Gujarat (nearly 10.51 million). In MNP Zone 2 the maximum requests came from Karnataka (14.03 million) over shadowing Andhra Pradesh which had nearly about 11.52 million requests.

Ever since MNP was introduced a couple of years back Customer retention has become one of the important aspect of the Telecom Business. The industry has witnessed that reason for MNPs are becoming more service related then tariff.

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USOF supported scheme to provide mobile services in areas affected by Left Wing Extremism

By BSNL approximately Rs.3568 crore

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, today gave its approval for providing mobile services at 2199 locations affected by Left Wing Extremism (LWE) in the States of Andhra Pradesh,

Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Telangana, Uttar Pradesh and West Bengal.

The establishment of mobile services would augment public communication facilities in backward regions and also provide a platform for mobile services including m-commerce, mobile based information dissemination and easy access to governance and policing.

The project would be executed by Bharat Sanchar Nigam Limited (BSNL). BSNL has already installed towers at 363 locations. The Universal Service Obligation Fund (USOF) would fund the capital expenditure and operative expenditure net of revenue for five years. The project implementation cost through the open tendering process is approximately Rs.3568 crore against the revised cost estimate of approximately Rs.3216 crore.

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Govt to provide secured emails for employees by March

Aiming to protect the official communications systems from the constant cyber attacks, the government has said it would provide a secured email service to all government employees by March 2015.

According to the plan prepared by the Department of Electronics and Information Technology (DeitY), 50 lakh government employees, both central and state, would get secured email service by the end of this fiscal.

A senior DeitY official told Deccan Herald that the National Informatics Centre is working on templates to standardise government emails which would be ready by end of October.

The decision follows concerns in some government quarters, especially in the intelligence, about using email services provided by foreign firms (mostly US-based). Since the servers of the firms are located overseas, the agencies are unable to check the security of the sensitive data and ensure that they are not snooped upon.

The move is significant in the aftermath of the Snowden saga that revealed the US intelligence is using a secret data mining programme and monitoring worldwide internet data to spy on various countries including India.

Though the government has made it mandatory for the top level officials to use official NIC emails, the restriction would be extended to other employees as well. Recently, DeitY dispatched a detailed email policy guidelines to the states, asking them to use only NIC email service for official communications instead of commercial services like Gmail, Yahoo or Hotmail.

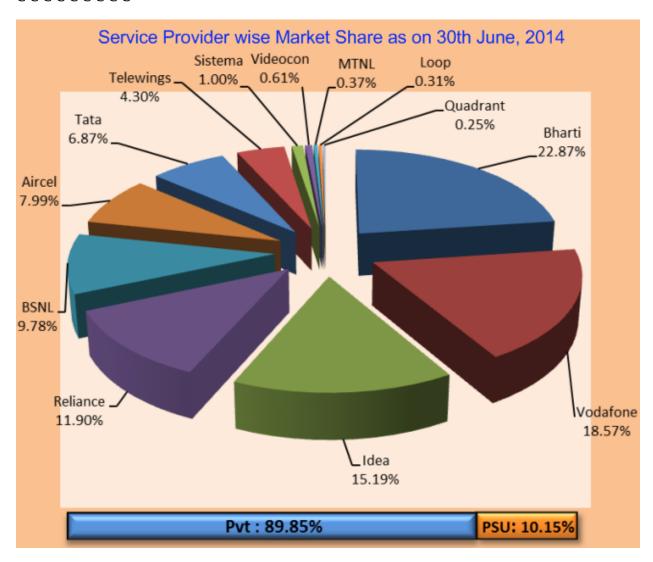
The Centre also told the states to make use of encryption mandatory to send emails deemed sensitive or classified.

It asked the states to instruct officials to verify digital signatures wherever possible to ensure the authenticity of the downloaded files.

The guidelines also said employees of government organisations should have two email IDs, one bearing their designation and the other with their names.

Employees should handover the ID with their designation to their successor when they leave their position, while they could keep the ID with their name as long as they stay in the government service.

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Trai rejects telcos' proposal to charge fee on popular services like WhatsApp, Viber and Skype



(Users of WhatsApp, Viber,...)

NEW DELHI: Users of WhatsApp, Viber, Skype and other apps won't have to shell out any extra charges as the telecom regulator has decided against a proposal of carriers to make companies that offer these popular services share part of their revenue with them or the government.

The Telecom Regulatory Authority of India (Trai) has also shelved plans to initiate a consultation process as it feels that operators are able to offset their losses through growth in data revenue, people familiar with the matter told ET. The industry had estimated a minimum annual loss of Rs 5,000 crore due to subscribers opting for free messenger services and voice over Internet calls. "One-third of the incremental revenue of the telecom industry is coming from data services itself. As far as the voice services are concerned, there is an upswing in the realisation rates," one of the Trai officials told ET, explaining the rationale for not intervening for now.

"There is no proposal for a consultation paper (on regulating companies offering free messaging and calling services)," he added.

Indian mobile phone service providers, that have invested billions of dollars in creating networks, want overthe-top-players (OTTPs) to be regulated so that both parties operate on a level playing field. OTTPs are all apps that users download onto their mobile devices. Telcos have a problem with those that provide free messaging and voice calls over the Internet such as WhatsApp, Viber and Skype. Many subscribers use these apps rather than their telecom operator's normal voice call and SMS services, eating into a carrier's revenue.

Operators want the OTTPs—which use their telecom networks— to pay all the fees that carriers pay to the government, which in turn will force the app makers to charge for what is currently free, bringing them on par with telecos.

OTT players, however, say that any move to regulate and seek payment - either to the government or to the carriers - is against the concept of free Internet or "net neutrality". A top executive at an app maker said that if OTTPs "were forced to pay, in all probability the cost would be passed on to the users." Trai recently held a seminar, bringing several OTT players faceto-face with operators, setting off speculation that this was a precursor to regulating the app space in India.

"We do understand that there is some (revenue) erosion there. For instance, our data confirms that the number of SMSes per person per month have fallen from 27 two years ago to about 17," a second senior official said.

However, he said that SMS continues to be a minuscule part of an operator's overall revenue. For example, SMS and value-added services contributed 5.5% of Bharti Airtel's mobile revenue, down from 8.3% a year earlier. Data revenue, on the other hand, grew to 12.4% from 8.2%. "Riding for free on our network puts a certain amount of strain on our network. That has to be admitted," said Rajat Mukerjee, Chief Corporate Affairs Officer at Idea Cellular, India's No. 3 carrier. "With that background, this particular discussion needs to be fair and frank, from the standpoint of providing equal competition."

In a recent presentation to Trai, an Indian telecom major estimated that the industry loses close to Rs 5,000 crore in revenue annually due to the free voice and SMS services offered by OTT players.

Over the past four quarters, the industry has lost close to 42% of SMS revenue and 19% of voice revenue to OTTPs. Rajan Mathews, director general of the Cellular Operators Association of India, the GSM industry body, told ET that the loss for telcos could "balloon five times, or to some Rs 24,000 crore, in the next three years if OTTPs aren't brought under regulation." Viber's founder and chief executive officer Talmon Marco said that any demand for payment on OTTPs would amount to censorship.

DoT working on modalities of BSNL-MTNL merger



NEW DELHI: In a bid to revive BSNL and MTNL, Department of Telecom is working on modalities to merge the two state-run telecom companies and also undertake organisational restructuring.

"The merger of BSNL and MTNL is definitely on the table for the revival of these firms. We are working on it," a source in Department of Telecom (DoT) told.

Asked if there is a timeline for the merger, the source said there is no set timeframe but it might take 1-2 years. Minister of Communications and IT Ravi Shankar Prasad had also met the senior management of BSNL and MTNL recently to discuss the blueprint for reviving the loss-making PSU telecom companies.

The total debt of the two firms has increased to Rs 21,208 crore at the end of June 2014.

The public sector firms are also losing market share. The market share of BSNL has been reduced to 12.3 per cent at the end of May 2014 from 13.27 per cent at end of March 2012 whereas that of MTNL stood at 4.83 per cent at May-end, 2014.

The reasons cited for the decreasing market share of the two firms include there inability to expand coverage due to financial and procurement problems, lack of adequate skills set due to changing nature of technology and customer centric business with focus on sales, marketing and customer services.

Prasad has said in Parliament that the government has taken measures to revive the two state-run telecom firms which include waiver of Rs 1,411 crore government loan to BSNL and financial support of Rs 6,724.51 crore to BSNL and Rs 4,533.97 crore to MTNL on surrender of broadband spectrum.

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