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BSNL has already started turning around' -

CMD, BSNL



RAKESH KUMAR UPADHYAY, CMD, BSNL

When Rakesh Kumar Upadhyay took over as the Chairman and Managing Director of Bharat Sanchar Nigam Ltd in 2011, he had given a two-year window to turn around the State-run telecom company. Now, close to the end of his tenure, Upadhyay reckons that BSNL is turning around. Although much of the problems, including a large work force and dwindling market share, continue to plague the company, Upadhyay says that several key decisions have been taken in the last one year placing the company at the cusp of a major comeback. *Business Line* asked the outgoing chief to give his views on the future of the company. Excerpts.

How successful have you been in achieving the goals you set out to do when you took over?

BSNL is looking positive today in terms of performance, customer service and expansion of network. Hence, expected results are now visible. We have pushed our case with the highest authority and several decisions have been taken with focus on generating revenues by leveraging

non-telecom assets. Now these have to be only executed by whoever takes over as the next CMD.

In 2011, you had said that BSNL has 2-year window to turn around. Do you think that window is now over?

BSNL has already started turning around and has started showing an increase in overall revenue and reduction in losses. In fact, fixed line network, which includes Fixed Line as well as broadband combined, has shown positive growth in the last six-months. Therefore, the path of BSNL turnaround is already set and results are demonstrating the efforts made.

What are the three big things which you have done as CMD?

There are several achievements which BSNL as a unit has done in the last three years and it is difficult to name any three as big things. BSNL has procured GSM equipment, NGN equipment which was pending for quite a long time. We have introduced new services like FTTH, 3G and several value-added services in both mobile and broadband space.

Is there a future for BSNL?

BSNL as a company is growing and showing annual revenues of approximately \$4.5 billion. BSNL is serving more than 125 million customers across the country and is catalyst in checking the price point for telecom services. The Government has shown faith in BSNL by allocating various projects of national importance like NOFN, Defence Network, Navy Network, NKN, NMEICT and other projects.

Many initiatives for improving BSNL have still not been completed. Like VRS, hiving off assets etc. Why is there so much delay?

The process in various initiatives like VRS, better utilisation of unutilised or under-utilised assets, has already begun. As BSNL is a Government entity, there is a defined process through which all such initiatives are required to be completed. The processes are already on and in progress at a pace which is expected. It is worth mentioning here that GoM is formed to recommend various measures for financial viability of BSNL and MTNL. Various initiatives like these are under the consideration of GoM at present.

Is merger with MTNL a solution?

Merger of MTNL and BSNL is being talked about for several years now. In merger of any two entities, there are several issues which are required to be sorted out like financial structuring, manpower structuring and meeting the aspirations of employees and customers, sharing of various assets created over long period. The discussions are already in progress for such actions but the decision is with the Government.

What are the 3 things that should be done immediately to save BSNL?

As I said initially, BSNL is already on the path of recovery and we have already initiated several measures to lift the sentiments of people and customers together. We hope that we will get sufficient support from both Governments as well as customers, so that, BSNL can live up to the expectations of all stake-holders. Reducing salary burden, viability gap funding for commercially non-viable service (like services in rural areas, North-East areas, etc.,) are some of the important actions on the part of the Government.

Similarly, strengthening the legacy network, expansion of wireless network on 'as and when' required are the capital expenditure steps/actions on the part of BSNL.

What should be done with the staff costs?

BSNL is a 100% Central Government entity and employees with BSNL are entitled to get salaries and perks as decided by Government of India and not by BSNL. There are various methods of giving short-term relief to BSNL for heavy employee cost but ultimately, the responsibility of bearing the employees' cost will remain with the Government/BSNL in the form of VRS package or pensions. Various possibilities like VRS are being worked out to ease staff cost issue.

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BSNL Kerala circle profit to touch Rs 400 crore

April 24, 2014,



Thiruvananthapuram: BSNL's Kerala circle is expected to register a profit of about Rs 400 crore for the 2013-14 fiscal even as the telecom giant is struggling at the national level.

"BSNL Kerala circle, which made a profit of Rs 287 crore in 2012-13, is posed to register a profit of Rs 400 crore," M S Rao, Chief General Manager of the circle told reporters here today.

He said BSNL continues to dominate the telecom market in Kerala with a total share of 32.32 per cent and landline market share of 96.11 per cent, he said.

During the year, 78,619 new wire line connections and 1,68,433 broadband connections were provided, he said.

In the mobile sector, the number of customers is growing every year and it provided 10,89,385 cellular

connections, 18,646 Wimax connections and 50,116 CDMA WLL connections, he pointed out. Rural internet penetration in Kerala was the highest with 3.4 per cent, much above the national average of 0.4 per cent, he said, adding 'we are planning to provide more rural broadband this year'. The company also plans to introduce 4G service in the state shortly, he added.

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BSNL in talks with Reliance Jio for sharing 61,000 tower infrastructure



State-run telco has over 61,000 towers

New Delhi, April 24:

Bharat Sanchar Nigam Ltd is in talks with Reliance Jio for renting out its tower infrastructure across the country. BSNL has over 61,000 towers which is the second largest tower portfolio among all telecom companies.

Speaking to *Business Line*, Anupam Shrivastava, Director (Consumer Mobility) of BSNL, said, “The talks with Reliance Jio are in final stages. We have offered them a bulk deal whereby if they buy space on certain number of our towers we will give discounted rate.”

Similar deals

Shrivastava added that under the agreement that’s being discussed Reliance Jio can build towers wherever BSNL does not have presence for which the State-run telecom company will pay a monthly fee. “This way we can expand our network also and use the towers built by Reliance Jio,” he said.

Reliance Jio has already done multiple tower deals with Reliance Communications, Viom Networks, American Tower Corporation and Bharti Airtel.

Shrivastava, who has been selected to take over as the next Chairman and Managing Director of the public sector unit from July 1, said that BSNL has missed out an opportunity to become an infrastructure provider to private players.

“We should have started renting out our infrastructure to private players. That would have only made us stronger. Going forward we will look at opportunities to cooperate with private telcos,” Shrivastava said.

The Government has already initiated process for hiving off the tower assets of BSNL into a new company. Around 3,000 employees would be transferred to the new entity. Shrivastava said that BSNL has been focussing on data services in a bid to shore up higher revenues. “We are seeing good uptake of our data services. From a usage of 80 terabytes per day it has gone up to 130-140 terabytes a day,” he said.

BSNL has initiated discussions with the likes of Facebook to offer free access to popular applications. Facebook has done similar deals with private telcos, including Aircel and Reliance Communications, wherein users get free access to the social networking site.

BSNL is also changing the way it is rolling out its cellular network in a bid to give importance to areas which generate revenues. “Our network is not being utilised to the optimum because we have been rolling out everywhere. As a result we have network in areas where the investment required is ₹80,000 per month but we get revenues of only ₹30,000. So now we will invest in areas where we get revenues,” Shrivastava said.

4G services

He said that BSNL will not rush into offering 4G services. BSNL has broadband spectrum in 16

circles where it had earlier tried to do WiMax-based services. But now the company is looking to deploy LTE technology for 4G services.

“The handsets are still expensive so we will wait for the ecosystem to develop before jumping into 4G,” he said.

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Telecom regulator issues paper on fixing minimum internet speed for mobiles

April 22, 2014



New Delhi:

Sick of dead slow internet connection on mobile? Relief is on the way as the Telecom Regulatory Authority of India (TRAI) will soon fix the minimum download speed the telecom operators will have to deliver for wireless data services.

"The Authority (TRAI) has been receiving a number of complaints from consumers regarding the poor download speed experienced by them. The Authority after examining the issue felt that there is now a need to mandate the 'minimum download speed' for the wireless data services," the telecom regulator said in its latest consultation process.

At present, there is no binding regulation on telecom operators to deliver wireless service at a particular minimum speed.

3G operators promise mobile internet speed in the range of 7.1 megabit per second (mbps) to 21 mbps. At 7.1 mbps, a mobile user should be able to download a full-length movie in around 12-14 minutes.

However, it takes around 40 minutes to download a file size equivalent to that of a movie on the best network. Minimum speed reported by operators to TRAI lies in the range of 399 kbps (minimum broadband speed is 512 kbps) to 2.48 mbps.

TRAI has found the minimum speed delivered by operators does not even qualify to be called broadband.

The wireless data services include mobile internet and broadband services like 2G, 3G and those offered using dongles.

The regulator is of the view that the minimum download speed for 3G and CDMA EVDO service should be 1 megabit per second with 95 per cent success rate. For GSM and CDMA 2G the minimum speed should be at 56 kilobit per second and for CDMA high speed data it is 512 kbps.

The regulator has sought public views on its consultation by May 5 and counter comments on it by May 12.

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Gujarat PSU have done well; raises hopes for MTNL, BSNL, PSU banks if Modi in power



A look into the financial and stock performances of Gujarat state PSUs and some successful turnaround stories like that of Gujarat State Fertiliser Corporation raises hope of a better future for the likes of BSNL, MTNL and other PSU banks, CLSA has said in a report.

The six major listed Gujarat PSUs (GMDC , GSPL , GSFC, GALK , GIPL and GNVFC) with a cumulative market cap USD 2.4 billion have grown net profits by 13 percent CAGR over the last five years and 19 percent CAGR over the last 10 years, the report adds.

Modi, the prime ministerial candidate of the NDA, said that he believes that PSU performance can be improved by empowering the management and disinvestment was not the only option for a loss making PSU, the report says.

CLSA gives an example of GSFC, which was an ailing company with Rs 4000 crore loss in FY03 and Modi gave a free hand to the top bureaucrats in negotiating a turnaround without any political interference. The company makes a 15 percent RoE, the report says.

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BSNL likely to receive satellite fee waiver for providing telecom services in strategic areas

Wednesday, 23 April 2014

The Department of Space (DoS) is likely to waive off satellite bandwidth charges payable by Bharat Sanchar Nigam Limited (BSNL) for providing connectivity in the Andaman and Nicobar, Lakshadweep archipelagos and strategic border regions across the Northeast. The move is aimed at making BSNL's operations viable in these regions.

Earlier, BSNL had approached MF Farooqui, secretary, Department of Telecommunications (DoT) claiming that providing coverage in Andaman and Nicobar Islands is not remunerative for the operator due to the huge mismatch in coverage costs and revenues. The operator stated that even though it spent Rs 1.22 billion towards operations in 2012-13, it earned Rs 0.48 billion as revenue. About, 54 per cent of its annual cost was towards satellite transponder charges while delivering telecom services in Andaman & Nicobar Islands.

Subsequently, Farooqui has asked DoS to consider waiving off satellite bandwidth charges for BSNL. According to Farooqui, 60 per cent increase in satellite transponder charges from April 2012 had undermined the viability of BSNL's operations in these regions. This in turn, has had an adverse impact on the operator's financial position. DoT has supported BSNL's demand for waiver of satellite bandwidth charges on the ground that players operating in these strategic regions face challenges in establishing connectivity using optical fibre or microwave links. As a result, they have to use costly satellite bandwidth for delivering telecom services.

DoS now plans to take up the issue in the next meeting of INSAT Coordination Committee.

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'BSNL to open mobile network expansion tender in May'

Apr 22, 2014

Indian state-owned operator Bharat Sanchar Nigam (BSNL) is not likely to be able to expand its mobile networks in nine states affected by Naxal violence before July 2015, The Economic Times reports. The operator was initially expected to complete these roll-outs in September 2014, but it will miss this deadline as it still is working to define the agreements with network equipment suppliers. BSNL will open a bidding process to select suppliers on 02 May and will be in a position to place purchase orders by late May or June, according to the report.

The operator is looking to expand its mobile network in Andhra Pradesh, Chhattisgarh, Jharkhand, Odisha, Bihar, Maharashtra, Madhya Pradesh, West Bengal and Uttar Pradesh states.

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MTNL's expansion plans hit a roadblock with high equipment cost

Thursday, 24 April 2014

Mahanagar Telephone Nigam Limited's (MTNL) plans to expand its second-and-third-generation networks in the Delhi and Mumbai circles have hit a roadblock due to high equipment costs.

Earlier, the operator had invited bids for procuring equipment to upgrade its 2G and 3G network. MTNL had estimated the total cost of modernisation of its GSM network to be about Rs 5.5 billion. However, the lowest bid for the tender was quoted at Rs 8 billion, by Nokia Solutions & Networks (NSN).

Facing huge debt, MTNL has requested NSN to revise the quoted price. As per the terms of the tender, a vendor will have to provide MTNL with 2G and 3G equipment as well as radio access network and intelligent network systems for the 1.6-million-line GSM network expansion project.

Modernisation of MTNL's 2G and 3G systems is crucial as it would help operator to upgrade its core network to support higher data speeds. Owing to low quality of services, MTNL has been steadily losing customers to private operators.

At present, NSN and Alcatel-Lucent maintain parts of MTNL's 2G and 3G networks. The bids for the latest contract were opened earlier this year. While NSN emerged as the lowest bidder for supplying 2G and 3G equipment to MTNL in both Delhi and Mumbai circles, Huawei emerged as the second lowest bidder. Further, ZTE had quoted the third lowest price in Delhi and the fourth in Mumbai, while Alcatel-Lucent was the third lowest bidder in Mumbai.

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Total number of telephone users in India goes up by one crore in February: Report

23 Apr, 2014

NEW DELHI: Driven by wireless connections, the total number of telephone users in the country increased by one crore in February, taking the subscriber base to 93.19 crore, up 1.08 per cent from January.

"The number of telephone subscribers in India increased from 922.04 million at the end of January, 2014 to 931.95 million at the end of February, 2014, thereby showing a monthly growth of 1.08 per cent," telecom regulator TRAI said in a statement today.

The growth as usual was driven by wireless connection, mobile and dongle based users, while landline services continued to decline. The wireless subscriber base increased from 89.33 crore

in January to 90.33 crore at the end of February, 2014, a growth of 1.12 per cent. Out of this, the maximum of 78 crore customers, 86.37 per cent of total wireless connections, were found active in February.

Land-line subscriber base declined from 2.87 crore at the end of January to 2.85 crore at the end of February. Idea Cellular led growth in wireless segment by adding over 33.32 lakh new customers, taking its total subscriber base to 13.35 crore. Bharti Airtel added 26.56 lakh customers and Vodafone 21.55 lakh new customers.

New operator Telewings (Uninor), which has operations in six out of 22 service areas, stood fourth in terms of new addition with 9.7 lakh new customers. Aircel followed Uninor by adding 7 lakh new customers. Videocon added 5.8 lakh (includes Quadrant), Reliance Communications 2.26 lakh. **State-run BSNL and MTNL added 1.18 lakh and 12,037 new customers respectively.** Sistema Shyam Teleservices, which operates under MTS brand name, lost 6.53 lakh customers. Tata Teleservices and Loop Mobile were also among companies that lost customers during month. TTSL lost 47,594 subscribers and Loop, which operates in Mumbai only, lost 10,039.

In February, 24.71 lakh people requested for changing telecom operators under mobile number portability scheme, taking total number of request till date to over 11.4 crore. Total broadband subscribers in the country, dominated by mobile phone and dongle based users, grew by about 2 per cent to 5.8 crore in February from 5.69 crore in January.

Broadband subscriber using mobile phones and dongles grew by about 2 per cent to 4.28 crore, followed wireline broadband connection at 1.48 crore. Other types of broadband connection stood at 3.9 lakh. Tele-density in the country increased from 74.50 at the end of January to 75.23 at the end of February.