

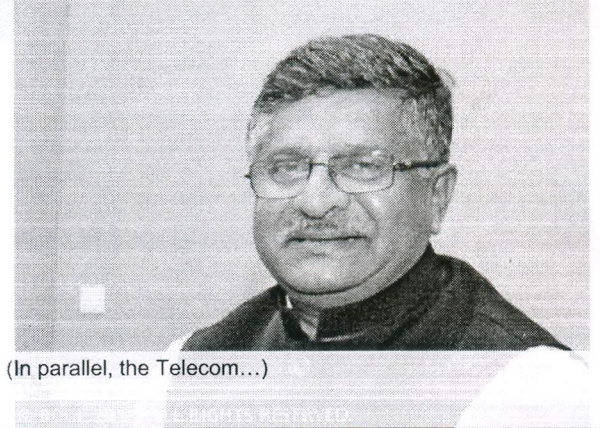
Ravi Shankar Prasad asks Fin Min to hasten I-T refund to BSNL

Kalyan Parbat, ET Bureau Sep 19, 2014, 01.08PM IST

Tags: Telecom Secretary | Telecom Commission | Ravi Shankar Prasad | Rakesh Garg | Finance Ministry | finance | Director AN Rai | BSNL | Andhra Pradesh

KOLKATA: Telecom minister Ravi Shankar Prasad has exhorted the finance ministry to hasten a pending Rs 7,000-crore income tax refund to Bharat Sanchar Nigam (BSNL) in a bid to revive the struggling state-run telecom company before its proposed merger with Mahanagar Telephone Nigam (MTNL) next year.

In parallel, the Telecom Commission (TC) is taking steps to arrange an early Rs 6,794 crore refund for BSNL's surrendered 4G airwaves coupled along with a waiver of microwave charges incurred annually by the state-run telco. At present, BSNL shells out nearly Rs 100 crore as royalty annually to DoT's wireless planning cell (WPC) to provide microwave connectivity across the Northeast. TC is the highest decision making body in the DoT.



These revival measures were finalised at a recent BSNL review meeting chaired by telecom secretary Rakesh Garg, according to an internal DoT note seen by ET. "Reviving BSNL is DoT's principal intent in the run-up to any merger discussions," said a top department official who was present in this meeting.

DoT is known to be considering either de-listing state-run MTNL and then merging it into BSNL or listing the latter and finalising a merger swap ratio based on the valuation of the two state-run telecom companies, with the first being the more likely option.

In the immediate term, Garg has asked member (finance) in the Telecom Commission to clear the refund of BSNL's licence fees and spectrum usage charges relating to its surrendered 4G airwaves at the earliest since the telco has only been refunded Rs 100 crore in 2014-15. This is after BSNL Chairman & Managing Director AN Rai, who was present at the review meeting, said the "refund was pending despite Cabinet approval earlier this year."

The Cabinet had cleared a refund upwards of Rs 11,000 crore for BSNL and MTNL for their surrendered broadband wireless access (BWA 4G) spectrum. BSNL has relinquished its 4G airwaves in Gujarat, Maharashtra, Kolkata, Andhra Pradesh, Karnataka and Tamil Nadu.

DoT is also exploring ways to boost BSNL's revenue flows by leasing its countrywide tower assets. BSNL has 73,000 towers and currently earns a modest Rs 98 crore annually by leasing merely 3000 units. The revenue target for the next five years has been increased to Rs 1600 crore by leasing a larger proportion of its towers.

The government is trying to revive BSNL at time when the telco needs cash to upgrade its landline network. Over the next two years, plans are afoot to convert over 1 lakh BSNL landline exchanges into IP-enabled next-gen variants to

support high-speed broadband services. The thrust on wired broadband is aimed at leveraging BSNL's landline assets to boost data services, and in turn, offset a portion of the losses suffered by its landline business.

BSNL has been losing 1.4 lakh wireline customers every month. So much so, its landline customer base -- now roughly 18.2 million - has shrunk by 40% over the past decade.