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Only MTNL, BSNL phones likely for babus

Pankaj Doval | TNN

New Delhi: Babus and public sector executives may have to surrender phones and broadband connections from private operators such as Airtel and Vodafone and shift to the networks of state-owned MTNL and BSNL as part of the government's plan to improve the finances of the two PSUs.

The proposal envisages shifting the entire telephone expenses paid by the central government — mobile phone, landline, broadband and enterprise bills — to the state-run telcos and give exclusive rights to them. A similar model is followed for ailing Air India, which continues to bleed despite government officers, PSU executives and those working for autonomous bodies funded by the Centre flying the national carrier. "They

may be making losses, but MTNL and BSNL are public assets. We are working on this proposal as part of measures to support their revival," said a government official, defending the plan.

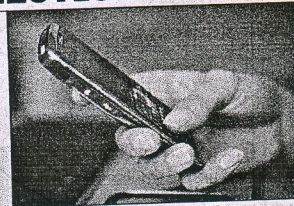
MTNL, which operates in Delhi and Mumbai, has been accumulating losses since 2008-09. In 2012-13, the company registered a loss of over Rs 5,300 crore on annual revenue of a little under Rs 3,500 crore. The losses for BSNL, as per unaudited results, were close to Rs 8,200 crore in 2012-13, compared to around Rs 8,850 crore in 2011-12. BSNL has been in the red since 2009-10. "The basic idea is to ensure that whatever money is spent by the government on telecom usage, it goes to BSNL and MTNL," a senior BSNL executive said.

The proposal has been sent for inter-ministerial consulta-

CHANGING CONNECTION

► Public sector executives and babus may be asked to surrender phone and broadband connections from private operators

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► In 2012-13, while MTNL registered losses of over ₹5,300 crore, BSNL reported losses of close to ₹8,200 crore

tions by the telecom department and if approved, it will be submitted before the group of ministers (GoM) that has been tasked to work out the revival of the telcos, highly-placed sources said. The GoM is headed by finance minister P Chidambaram. The Centre may also issue an advisory to the state governments to follow a

similar line, "but we cannot ensure that they adhere to the proposal", a source said.

The move to accord exclusive rights to the state telcos comes at a time when private operators like Vodafone and Bharti Airtel have been rapidly eyeing government business as part of their expansion. Naveen Chopra, director

of Vodafone India business services, said the company expects the government sector to contribute about 10-15% of their overall enterprise business in the coming years. Airtel, on the other hand, has been engaging with state authorities in Delhi, Bangalore and Kolkata through a variety of initiatives.

The sources said the proposal to grant exclusive rights to MTNL and BSNL will be part of a broader set of recommendations being worked out to put them back on the path of profitability. GoM had in September decided to refund the money paid by the state-run players for surrendering Broadband Wireless Access spectrum (used for providing 4G data services) worth more than Rs 11,000 crore. It also took a decision on providing pension to MTNL employees.