

DoT May Give BSNL a ₹10kcr Breather Soon

Co claims the money shouldn't be clubbed with its adjusted gross revenue (AGR)

KALYAN PARBAT
KOLKATA

The telecom department may allow struggling Bharat Sanchar Nigam a breather by excluding ₹10,000 crore it is likely to get from the Universal Services Obligation Fund (USOF) for implementing two government telecom ventures while computing licence fee.

State-run BSNL is likely to receive the amount from the USOF kitty over next three years for rolling out mobile networks in India's naxalite hotbeds and handling 70% of the trenching and cable laying costs in the national broadband venture, popularly known as the national fibre optic network (NOFN) project.

BSNL claims the money should not be clubbed with its adjusted gross revenue (AGR) since it will be used for incurring capital expenditure in specific USOF-supported projects, according to an internal telecom department note seen by ET.

At present, all telecom operators pay DoT a licence fee equivalent to 8% of AGR every year. So, the lesser the AGR, the lower is the licence fee payout for the loss-making operator.

“Issues raised by BSNL, including computation of its licence fee on AGR in the context of the USOF mobile project in left wing extremism (LWE) ar-

reas is under consideration, and will be settled shortly since the matter is also applicable to the NOFN project,” the DoT said.

In June, the Cabinet had mandated BSNL to set up mobile infrastructure in 2,199 regions prone to left-wing extremism in Andhra, Chhattisgarh, Jharkhand, Odisha, Bihar, Maharashtra, Madhya Pradesh, West Bengal and UP to improve communications and surveillance operations at an approved project cost of ₹3,046 crore. The project is internally known as the LWE mobile project.

A company official clarified to ET that BSNL would however include the centage or “profit” generated by the LWE mobile venture, in its AGR.

BSNL is likely to receive the amount from the USOF kitty over next three years

Although the tendering exercise for the LWE mobile venture is underway, USOF funding will begin only after BSNL inks an agreement with the USOF Administrator for getting the project started. BSNL has refused to do this amid differences over computation of project cost. BSNL is also unlikely to sign this agreement with the USOF Administrator until DoT takes a call on excluding USOF inflows from its AGR, the official added.

The company posted its first ever loss of ₹1,822.65 crore in the year ended March 31, 2010, and its losses have continued to grow in subsequent years amidst hyper competition in the industry and the fact that it could not compete effectively with more fleet-footed private telecom operators.