

● CASH CRUNCH

Govt may present revival package for BSNL, MTNL

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THE GOVERNMENT IS likely to announce a revival package for state-run telecom firms BSNL and MTNL in the next few days as a severe cash crunch has again jeopardised timely payment of salaries for June.

According to sources, cabinet secretary PK Sinha on Tuesday held a more than an hour-long meeting with department of telecommunications (DoT) officials, including secretary Aruna Sundararajan, to chart out a revival plan. Interestingly, the top bosses of BSNL and MTNL were not present in the meeting, the sources added.

The sources further said apart from the proposals submitted by the companies, the government is exploring other options, which will give long-term stability to the telcos. The revival plan may include some harsh measures relating to cost-cutting, primarily on the salary front. Accountability will be fixed for every employee, who have to either perform or perish.

Both the firms have been facing severe financial crisis amid hyper-competition in the sector. The companies even failed to pay February salaries to their around 2-lakh-strong combined workforce on time.

It must be mentioned that the Telecom Regulatory Authority of India (Trai) is already looking at the proposal of 4G spectrum allotment to these firms without auction. The DoT had reached out to Trai as it was not sure if spectrum can be allocated by any other mechanism to the state-run firms in the aftermath of 2012 Supreme Court order. The companies have offered to give half the amount of 4G spectrum upfront by way of issuing preferential equity to the government and rest of the amount in installments.

BSNL and MTNL cite allotment of 4G spectrum as the prerequisite to survive the hyper-competition, led by Reliance Jio. All the remaining private operators in the sector are spending huge amounts of capital to strengthen 4G infrastructure.

Another important decision around the revival is to reduce the staff cost. Currently, over 60% of BSNL's revenues go



TOUGH CALL

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into paying salaries whereas for MTNL, over 90% revenues are consumed in paying staff. As a majority of the employees are over 50 years of age, the voluntary retirement scheme will be beneficial in reducing the staff cost. Sources said it might be made mandatory to everybody over 50, if the desired number of employees does not come forward to take it.

On land monetisation, the government is considering leasing out properties as most of the land assets are not owned by the companies.