

Salary scare puts BSNL revival on fast-track

The woes of ailing state-run telecom BSNL may ease by June.

Various factors are at play to bring back the public sector undertaking (PSU) to a sustainable level. Hectic discussions are underway between senior officials of Department of Telecommunications (DoT) and BSNL since the salary scare incident earlier this month when the PSU delayed the payment of dues for February to its employees.

The level of talks has reached a point where meetings are being held every day, including Saturdays and Sundays, according to officials from DoT and BSNL.

The delay in salaries, which happened for the first time at BSNL, could be a blessing in disguise for the telecom firm.

BSNL is expecting a payment of about Rs 2,900 crore from stuck government projects in April and May, along with revenue accruals from enterprise business at around Rs 500 crore and a soft loan of around Rs 3,500 crore. All of these put together will enable BSNL to tide through the storm for the next three-four months, a senior BSNL official told DNA Money on the condition of anonymity.

Apart from this, around Rs 700 crore needs to be recovered from Reliance Communications, which has knocked the doors of National Company Law Tribunal for insolvency.

"The delay in salaries for February (paid in mid-March) for its 1.76 lakh employees has come like a boon. The focus is back on revival plan for BSNL which was lying low since long. And impending elections has brought it under the limelight," the official said.

The preparations for a Cabinet note for approval of voluntary retirement scheme (VRS) have already started, though an approval can only come after the new government takes over after the General Elections. Prior to this, it would need approval of Digital Communications Commission (DCC), earlier Telecom Commission, the highest telecom policy-making body of the DoT.

Telecom department secretary Aruna Sundararajan along with senior officials are meeting BSNL management every day to resolve the issues at the earliest.

The VRS proposal of around Rs 6,500 crore, critical to long-term survival of BSNL, has been pending since 2011. BSNL's employee base of 1.76 lakh is a huge liability as the cost runs into 55-60 % of expenditure. Rivals Airtel and Vodafone Idea have around 21,000 and 20,000 employees, respectively.

The February salary scare might impact the image of BSNL but due to this incident, revival plans have been put on a fast-track by DoT.

Even other proposals that have been hanging fire for many years, may now see the light of the day.

BSNL's financial position has been deteriorating for a long time. It was incorporated in 2000 out of DoT and was once the second biggest mobile player, with a profit of Rs 10,000 crore around 2005. It recorded a loss of Rs 8,000 crore last year.

In the past 14 years, it has moved from having a Navratna status to being declared as an 'Incipient Sick' PSU.

Last week, DoT has also forwarded the proposal of BSNL to allot 4G spectrum by equity infusion of Rs 6,767.5 crore by the government to Telecom Regulatory Authority of India. The PSU has been lagging its peers on 4G services. DoT also gave a letter of comfort to BSNL for raising loans, which basically implies a guarantee from the government.

The revenues and profits of all the telecom players have dipped significantly in the last two to three years as the competition in the sector has intensified. With no tariff revisions in sight, the financial stress in the sector is expected to continue for a few more quarters, according to experts.

The telecom industry has been reeling under financial stress since the entry of Reliance Jio in late 2016. Low data tariffs and free voice calls offer from the new entrant pushed the financials of incumbents, including that of BSNL, on a downward spiral, apart from triggering a consolidation phase in the industry where now only three private players are left along with BSNL/MTNL.

ON SPEED-DIAL

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