

SAVING BSNL

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The Centre must take immediate steps to revive Bharat Sanchar Nigam Ltd if it wants to achieve the objective of reaching 100 per cent tele-density in rural areas and keep telecom services affordable for the common man. While private operators have taken over the market with billions of dollars in investments and cost-efficient operations, India's telecom consumers need a public sector entity like BSNL as an effective counter to any monopolistic venture that may arise due to the ongoing financial stress in the sector. From as many as nine operators, intense competition and below-cost pricing have reduced the number to just three players. The larger surviving operators, who have so far managed to sustain their operations, are under pressure to increase tariffs. The highly leveraged balance sheets of these operators could also force them to slow down the rollout of next-generation data networks to rural and economically unviable areas. In this context, it is important to have a strong PSU telecom company which will not only prevent private players from increasing tariffs as an easy means to escape financial stress but also ensure that rural consumers are catered to.

Reviving BSNL is tough, but not impossible. The once dominant public sector company has been reduced to a mere footnote, thanks to years of political interference and bureaucratic functioning. There have been many attempts earlier to improve the company's operations, but most of them remain on paper. For example, a committee headed by Sam Pitroda, then advisor to the Prime Minister, offered a 15-point plan to turnaround the PSU, including trimming staff, divesting 30 per cent equity, adopting a managed services model for its various operations and inducting a chief executive from the private sector. This plan has not been acted upon.

Time is running out, though. BSNL has, in 14 years, moved from Navratna status to being declared as a sick PSU, with cumulative FY2009-18 EBIT losses of 82,000 crore. To prevent any further erosion of value, the Centre must do three things. First, divest all the real estate land parcels owned by the company and invest the proceeds into buying all the technology BSNL needs to be at par with private players. Second, implement the proposals of the Pitroda panel, especially those related to cutting down staff costs and hiving off various businesses into different verticals. Here, the Centre can study how British Telecom, once a struggling PSU in the UK, was turned around. Finally, remove all political interference and appoint a strong, independent management to run the company. This will not only secure the future of BSNL, but also ensure that affordable digital services reach every nook and corner of the country.

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