

BSNL now sets sights on Ethiopian Telecom

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MUMBAI: Public sector telecom Bharat Sanchar Nigam (BSNL) has now set its sight on Ethiopian Telecommunications (ETC), a state monopoly in the African nation, in a bid to maximise revenues amid increasing competition in the home turf. The Indian behemoth is learnt to have expressed interest in running the networks and operations of ETC on a revenue-sharing basis after the Ethiopian government invited 'request for special interest' to boost IT and telecom services in the sub-Saharan country.

Currently, BSNL is the only operator from India in the fray. "There are some other players from the Middle East and Africa, who will put in their proposals. But no other Indian company has shown interest yet," sources close to the development told ET. "Top officials from BSNL will go to Ethiopia next week. They will meet with ETC officials and also prepare a report on the local market and the potential for growth," said another person.

Ethiopia is the only country in Africa allowing monopoly in the telecom sector, with ETC being the sole provider of fixed, mobile, internet and data communication services. As a result, tariffs are high and services remain unaffordable, hindering development. To address this, the Ethiopian government is seeking the assistance of established telecom players in high-growth markets.

If successful, BSNL will manage ETC's networks on behalf of the Ethiopian government, outline business growth strategies and manage the operations of the company. Apart from a revenue share, BSNL will also get a fixed fee. The company is already considering buying a stake in Kuwait's Zain Telecom, which is also present in 22 countries, including 16 African nations.

BSNL CMD Kuldeep Goyal confirmed that BSNL was interested in ETC. "BSNL is on the lookout for business opportunities in the African market. We are, at present, keeping all the options open, including taking over operation and maintenance and management control of a telecom company. As a part of the ongoing overseas business activities, we feel that ETC can be one of the operations," he told ET. However, he said no definite view has yet been taken on the ETC bid. "A clear picture may merge after a period of three to four weeks from now," he added.

Analysts tracking the sector feel that looking at Africa is an obvious choice for BSNL because it is the last of the under-penetrated telecom markets globally. "BSNL has a huge workforce, which is experienced and familiar with the latest technologies. This will be put to excellent use in Africa," said a senior industry analyst. ETC had launched 3G services in January this year and BSNL also has the experience of running 3G networks, having received spectrum ahead of private operators in India.

Addis Ababa-based ETC is the second-largest public sector company in that country after the Ethiopia Airlines. Its annual revenues for 2007-08 stood at a 3.3 billion Ethiopian Birr (ETB) or \$263 million. Mobile penetration in Ethiopia is still around 4% in a population of 78 million, leaving immense room for growth.