

BSNL renews demand for 700 MHz spectrum, MTNL seeks financial support

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NEW DELHI: State-owned [BSNL](#) today asked the government to allot it the prized 700 MHz spectrum via equity route and sought moratorium on payment of licence fee for revenue earned from government projects.

[MTNL](#), on the other hand, sought government help in making Rs 8,000-10,000 crore capital available citing telecom tariff war being fought by private operators. It also sought urgent measures to bring down employee cost.

Senior officials of Bharat Sanchar Nigam Ltd and Mahanagar Telephone Nigam Ltd met the inter-ministerial group ([IMG](#)) amid financial stress in the telecom sector.

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The two state-owned telecom PSUs sought government's support to become more agile, in the face of stiff competition from the private operators, especially aggressive new entrant [Reliance Jio](#).

The debt-ridden MTNL flagged "legacy issues" including its high employee cost and asked government to support, "in some form", its capital requirement of Rs 8,000-10,000 crore over a period of time.

BSNL, on the other hand, has renewed its push for 700 MHz spectrum "through equity infusion route". In the spectrum auction last year, the telecom sector had ignored the premium 700 MHz band -- which was put up for sale for the first time-- at a reserve or base price of Rs 11,485 crore per MHz.

However, BSNL has been asking for this premium spectrum for 4G and data services roll out.

BSNL also wants a two-year moratorium on payment of licence and Spectrum Usage Charges for projects implemented in North Eastern states as well as in Left Wing Extremism areas.

Essentially, BSNL wants the revenue from such projects to be excluded from overall licence fee calculation.

BSNL has also sought compensation of Rs 1,520 crore for CDMA (Code Division Multiple Access) spectrum it surrendered earlier.

When contacted, BSNL CMD Anupam Shrivastava told : "Last year we were able to address the stress, but this year we are feeling the pinch due to competition. Despite our data throughput growing three folds, the revenue (in mobility business) is under pressure."

MTNL pointed out that Airtel, Vodafone and other private operators are being supported by their promoters.

"The war between the operators is being fought on the strength of capital so the government should not be found wanting in its support in capital provisioning (for



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MTNL),"MTNL CMD P K Purwar said after the meeting with the IMG.

He further said that the high employee cost - a tab of Rs2800 crore - is creating a "non-level playing field" for MTNLviz-a-viz private operators. It urged the government to look at options like voluntary retirement scheme (VRS) to bringdown employee expenses.

The IMG is meeting various telecom operators and banks this week to discuss the financial issues of the telecom industry and mull measures that can be taken to ease the situation.

The sector is reeling under Rs 4.6 lakh crore debt and its revenue as well as profitability are under severe strain following free voice and data offerings from Jio.

But Jio in its meeting with the IMG yesterday had blamed the industry's financial woes on the reluctance of established operators to use equity for investing into new technology.

The IMG is slated to meet banks including SBI, PNB, AxisBank and HDFC on June 14, and the remaining telcos - Airtel,Vodafone and Idea Cellular - on June 16.

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