

## **BSNL threatens to stop WiMAX rollout across rural India**

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NEW DELHI: Blaring its disgust at operating as a social workhorse without compensation, BSNL has bluntly told the government that it will continue building wireless internet services across rural India only with a grant of Rs 2,395 crore more to support an unviable business.

The state-owned telecom company has written to the telecom department it is against rolling out services on the WiMAX technological platform without adequate financial support. ET has seen a copy of the letter dated September 29.

BSNL's move, unusual for a state-owned company, is a sign that it has had enough of fulfilling the government's social obligations without rewards. Though it made several threats in the past to stop its unviable businesses in rural India, including the subsidised landline connections it offers there, this is the first instance of the telco stopping a project rollout on the grounds that it did not make commercial sense.

BSNL's grouse is that the work-without-pay culture to run unviable businesses that incur huge capital and operational expenditure has led to significant losses. The company posted a loss of Rs 1,822.65 crore for the year to end March, a first in its history.

The telco, which offers services in all parts of the country, except the metro cities of Delhi and Mumbai has told the communications ministry that Rs 2,395 crore was the minimum amount required to setup and run the rural WiMAX project on a no-profit/loss basis.

The project is divided into three parts, and under phase-I about 1000 towers for WiMAX are to be set up, followed by 6,863 units in the second phase. BSNL has told the telecoms department that it is close to completing the rollout of Phase 1.

So far, the Department of Information Technology, has agreed to provide subsidies to the tune of Rs 710 crore for the two phases – Rs 160 crore for setting up the first 1000 towers and Rs 550 crore for the remaining. But BSNL has said that it can support a maximum of 1,798 towers with this level of funding.

This implies, the can only build 798 towers when compared to the requirement of close to 7,000 units for completion of Phase II. BSNL's move to stop the project will see only 17,000 Computer Service Centres (CSCs) get WiMAX based internet connectivity across rural India as against the government's commitment to link up over 62,000 CSCs through this project. This also ranks amongst the key social initiatives of the UPA regime.

ET has also learnt that the Centre may explore options to subsidise this project from the Universal Service Obligation Fund, a levy paid by all telecom companies since 2002 to

support rural telephony. The unutilised amount in the fund has crossed the Rs 25,000 crore mark.