

OUTLOOK

www.outlookbusiness.com

Business

November 28, 2009

Rs 25

FOR DECISION MAKERS

ALTRUIST OR OPPORTUNIST?

Analjit Singh trades Vodafone shares for profit AND builds long-term businesses like insurance. What will he do with East India Hotels?



BSNL: THE NEXT AIR INDIA?

In only three years, its Rs 4,231 crore profit from operations has turned into a Rs 4,086 crore loss.

The Ring Of Death

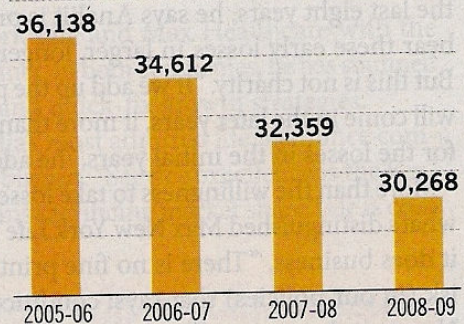
Unless the government calls in the changes, what's happening to Air India today might well happen to BSNL—India's second largest telecom company—tomorrow.

ANURAG PRASAD WITH AVINASH SINGH

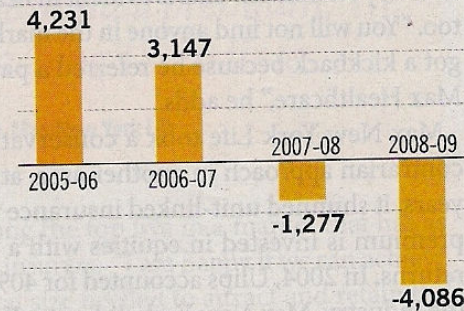
AIR INDIA AND BSNL? BANKRUPTCY and BSNL, India's second largest telecom company? It seems far out. After all, here's a company whose cash reserves, at Rs 38,000 crore, equals the turnover of India's 12th largest listed company. Here's a company that has so much telecom infrastructure and real estate that it is valued, by some estimates, at Rs 4,00,000 crore. If it were to list today, it would be India's most valued company, with a 25% lead on number two. Here's a company that has a larger telecom network than any other player in the sector. Here's a company that operates in a business that will always be fundamental to the lives of people. So, how can it just go down on its knees? Ask Air India.

A decade or two ago, such pronouncements on Air India would have met with similar disbelief. Now, the result of years of neglect is there to see: from flying high to a freefall. The ownership that presided over the national carrier's fall from grace, the government of India, is currently presiding over

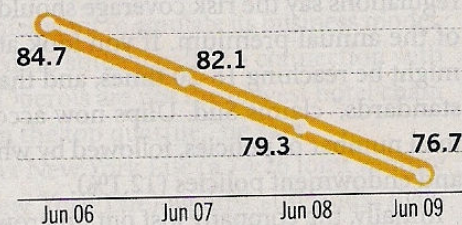
Income from operations



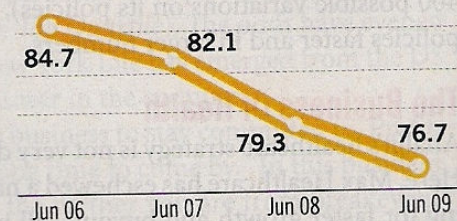
Profit from operations



Landline market share



Mobile market share

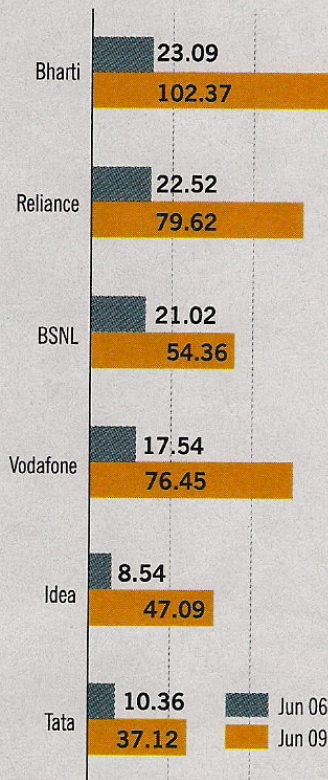


Financials in Rs cr, market share in % Source: Annual reports, Tnt

Downward Mobility

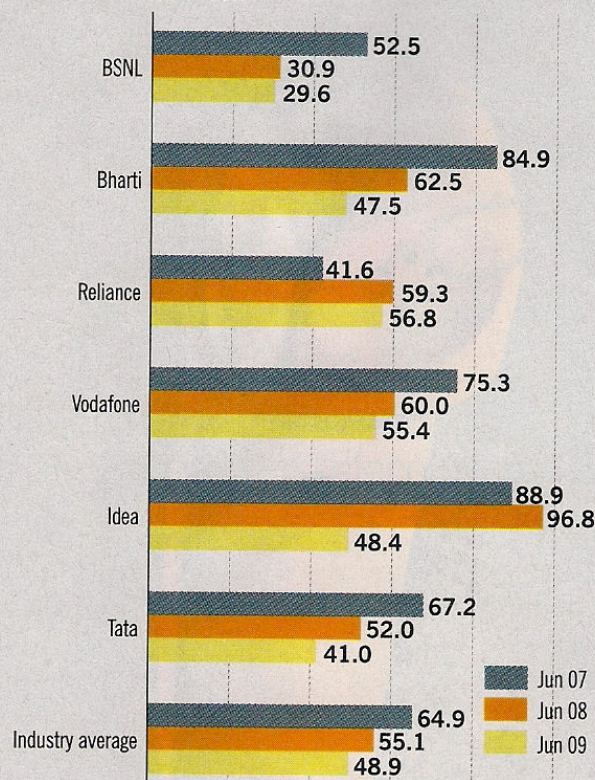
In the last three years, BSNL has been a laggard in the mobile business in every which way. In this high-growth business, it has grown the slowest in the last two years. Its co-leaders have broken away, even as new players are closing in on it.

Subscribers



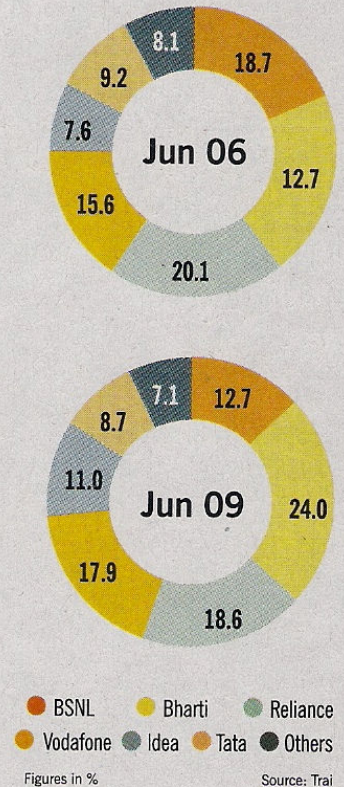
Figures in million

Growth



Year-on-year growth in %

Market share



Figures in %

Source: Trai

a similar decline at BSNL. And its response is much the same: ignorance and apathy.

BSNL is losing market share—and relevance—at an alarming pace. In June 2006, it was within shouting distance of the top spot in the mobile telephony business. Today, it is languishing at number four, after Bharti, Reliance and Vodafone. Worse, number five (Idea) and number six (Tata) are now within shouting distance of BSNL. Even in landlines, once its monopoly and from where it derives 63% of its revenues, more Indians are giving up BSNL phones than taking them.

Its profitability is under serious assault. Between 2005-06 and 2008-09, the golden period of the Indian telecom story, it has managed to turn a profit from operations of Rs 4,231 crore into a loss of Rs 4,086 crore (See graphic on Page 62). In 2008-09, it also relinquished the mantle of India's largest telecom company to Bharti. It has only itself and its promoter, the government, to blame for this loss of numbers and reputation.

Like Air India, it has an identity crisis, as the government owns and disowns BSNL on a need basis. Its management doesn't have a free hand. Its business interests are being sabotaged by moves that are widely reported to be the handiwork of private rivals.

It has become a playground for currying political favours. Its workforce is a bloated, disillusioned and unproductive lot, with issues of its own. It debates and debates commercial decisions, but the final signature on the file is made after the time has come and gone.

Kuldeep Goyal, BSNL Chairman and Managing Director (CMD), admits "there is a problem". He doesn't say as much, but the soft-spoken CMD, who worked wonders in MTNL Mumbai previously, walks the tightrope between what he *wants* to do and say and what he *can* do and say. He ends up saying little.

What he doesn't say is articulated by people who have been in or close to his position in BSNL previously, but are now free of the fetters that come with these big chairs. Says SD Saxena, former Director (Finance), BSNL: "The CMD of a company of this size should be all powerful. Instead, today, he is held accountable for everything, to everyone."

Adds DPS Seth, the first CMD of BSNL: "Just leave him (the BSNL CMD) to do his job." Unless that happens, it's only a matter of time before this company that has more assets—optic fibre, towers, spectrum, real estate, cash reserves—than any other telecom player in India ends up next to Air India in the PSU hall of shame.

BSNL's 2006 mobile tender dragged on for two years and delivered 22 million lines less. Private players like Bharti get new lines on demand.

Tender Bender

To understand why BSNL is now being spoken of in the same sentence as Air India, one has to go back to the circumstances of the telecom major's birth. BSNL used to be part of the Department of Telecommunications (DoT), which looked after all matters telecom—operations, policy and regulation—before the sector was privatised. If DoT had to compete against private players in operations, there was a conflict of interest if it also made the rules and regulated the sector.

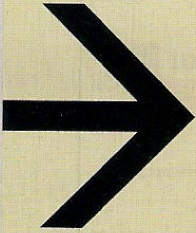
The government had also realised that telecom services were not just viable, but lucrative, and that the opportunities could be tapped best by an entity that had commercial flexibility. So, it carved out the telecom operations of DoT into a company, BSNL, in 2000. "All these objectives were achieved on paper, but not in reality," says Mahesh Uppal, Director, Com First (India), a company that specialises in telecom policy and regulation.

The worst illustration of that dichotomy is seen in the procurement of equipment. "BSNL rarely has the equipment to expand its services when it needs it the most," says Seth. "There was always a lot of pressure and interference in the procurement of equipment." That hasn't changed. What has changed is that the mess

tender. But Raja said reduce the number of lines from 45 million to 23 million and renegotiate the price with Ericsson and Nokia, as \$107 is too high, compared to what "other parties" were buying at. Ericsson agreed for \$80-90. Nokia, however, withdrew, and its portion was awarded to ITI-Huawei. Net-net, BSNL got 22 million lines less and about two years later than it wanted.

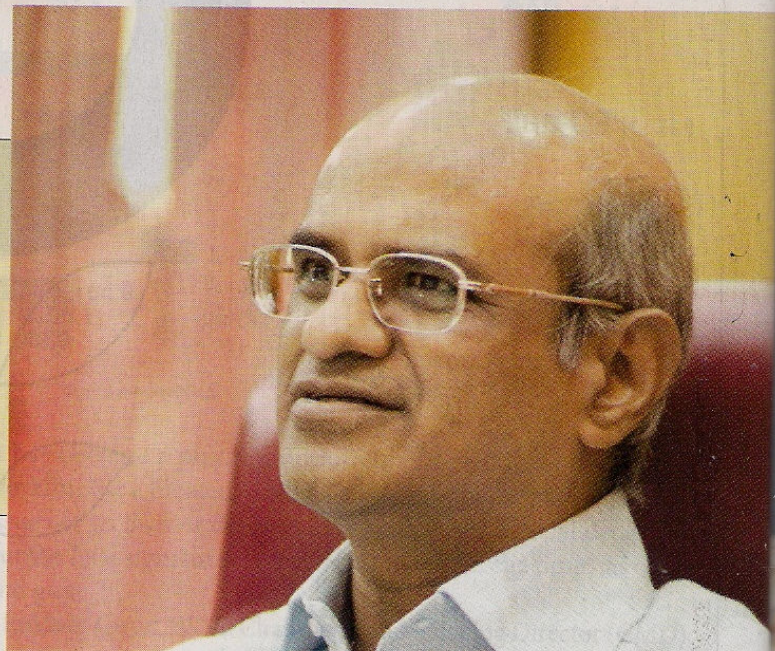
In stark contrast, private players like Bharti need to simply make a phone call to its two service partners, Nokia and Ericsson, to whom it has outsourced this job, and the additional lines are made available. No tenders, no litigation, continuous rollout on demand.

BSNL's struggles with tenders have continued. In May 2008, BSNL floated a new, bigger tender of 93 million lines—perhaps, the single largest mobile lines contract in the world. This too is being tossed around, hurting BSNL. The tender was awarded to China's Huawei (for South and West India) and to Ericsson (for North and East), with Nokia, ZTE, Alcatel and Nortel disqualified



We are undergoing a transformation. The BCG changes will be rolled out in the next two years.

—KULDEEP GOYAL, CMD, BSNL



VISHAL KOUL

in procurement is pulling BSNL down like never before. In the last three years, BSNL has grown slower than the industry average in the mobile segment and has lost market share (See graphic: *Downwardly Mobile*).

The story, which typifies the tragedy and comedy that is BSNL, goes back to April 2006, when the company decided to buy 63 million lines (each line is equivalent to one mobile connection). Of this, as per rules, 30% (18 million lines) was to be awarded to DoT's manufacturing arm, ITI. A tender—the standard medium of purchasing equipment in PSUs—was floated for the remaining 45 million lines.

BSNL opted for Ericsson (which quoted \$107 per line) and Nokia (\$176 per line, but which had to match the Ericsson bid), while disqualifying Motorola and China's ZTE on 'technical grounds', a term that has taken on the same meaning in BSNL as 'foreign hand' in Indian politics in the 1970s. Motorola took BSNL to court, something that can be done liberally. In the name of transparency and accountability to taxpayers, anyone can challenge any decision by a PSU in court. BSNL didn't have the lines to expand.

Subsequently, Motorola withdrew the case. There was also a ministerial change in May 2007, with A Raja replacing Dayanidhi Maran. In July 2007, BSNL decided to go ahead with the original

on 'technical grounds' (Motorola didn't participate).

The Home Ministry raised security concerns over a Chinese manufacturer installing equipment in areas with foreign borders, and so West was taking away from Huawei. As the matter bounced around in government circles, DoT, earlier this month, told BSNL to redo the tender on the grounds that there was only one supplier in each circle. Last heard, BSNL had rejected that demand and was going ahead with the award—almost 18 months after the tender was floated.

The tender process for procurement can't be done away with. But it can be tightened so that it can't be questioned, says Seth, who has had top-level stints in all three areas of telecom, namely operations, policy and regulation. Recounts Seth: "A French consultant who worked with DoT told me that the difference between working systems in the West and in India was: 'We plan for a year and execute in six months. You plan for a week and execute in five years.'"

It has been true for BSNL. Says Rajan Mehta, former Vice-Presi-

'BSNL WILL GO THE AIR INDIA WAY'

When he was Director (Finance) of BSNL between 2002 and 2008, SD Saxena made as many friends as enemies with his straight talk. Even now, he still refers to BSNL as "us" and "we", and is furious at the direction BSNL is headed in.

What's the problem with BSNL?

BSNL is caught up in the procurement tangle. Ironically, this is because it has to maintain a transparent and open system. The system is fragile and vulnerable to sabotage. If someone wants to stop something from happening, it can be done.

Many are doing it. Any decision can be taken to court. Had the second tender happened, we would have been at the top.

Then, there are trade union issues. The union wants salary and fixed pension, but it doesn't want to work. We told them,

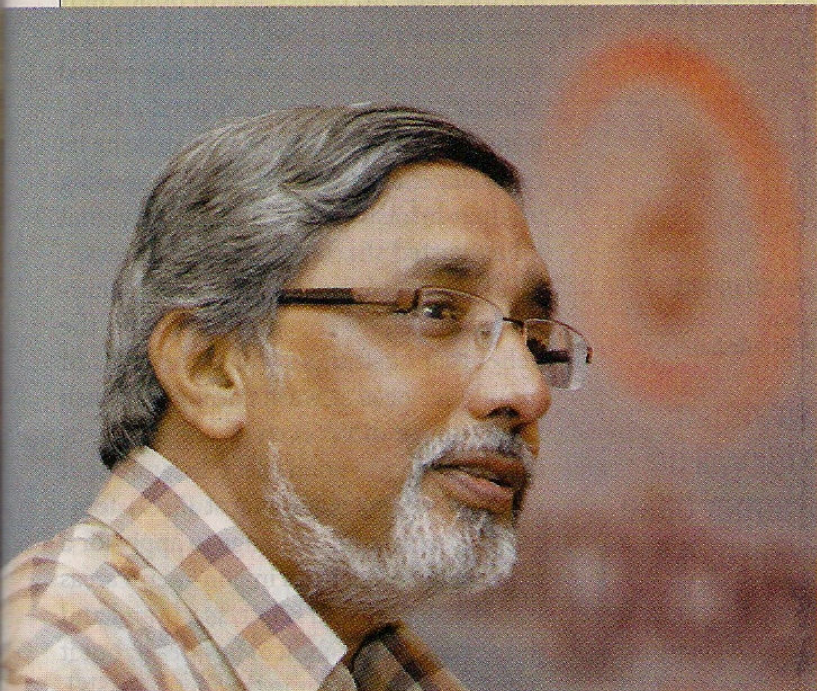
see how we function. Auditors go through our accounts. There is CAG and CVC to monitor. There is a systematic flaw in the PSU system. The government has to first decide what it wants: does it want to run a company or not? If not, then quit and let the PSU function as an independent company.

Why doesn't the leadership say so strongly?

There is a leadership problem too. The CMD of a company this size should be all powerful. Instead, today, he is held accountable for everything, to everyone. If his accountability goes beyond a point, it impacts the growth of the company.

The leadership doesn't take a stand that is good for the company. They accept whatever comes from the top. Take BSNL's interest in Zain. It took Sunil Bharti Mittal six months to negotiate and agree to pay \$24 billion for MTN. The decision-making process at BSNL would not let it happen. It needs guts to acquire companies outside India.

Also, the deputation culture has created such a disparity in the system that DoT employees don't want to join BSNL



BHUPINDER SINGH

if you are drawing a salary, show work and growth. Go talk to the customers and make them stay with BSNL. There is no accountability. They, in turn, say officials are corrupt.

Is BSNL an Air India in the making?

BSNL will surely go the Air India way. Profits have plunged and will fall further. Let's go back. BSNL was carved out into a company because everyone believed it was not working as efficiently under the government. Now, if you have made a company, created shares, made it accountable to company laws, why don't you leave BSNL to function under it?

The working environment in PSUs is worse than in the government. You are not allowed to work. There are 250 working days in a year. PSU officials spend more than 265 days preparing answers for queries in the Parliament and other places. Local politicians use BSNL to dole out favours.

Why is BSNL fingered on everything? Why don't you evaluate us on the basis on our profits? Leave us alone and

BCG has not been able to put its finger on the pulse of the problem. Its proposals are cosmetic.

—SD SAXENA, EX-DIRECTOR (FINANCE), BSNL

for good. They end up spending a long time in BSNL, but as DoT employees, which is demoralising to those within. BSNL has a working culture, people are passionate. If you bring in outsiders, the entire system will collapse.

BCG has suggested some changes...

BCG has not been able put its finger on the pulse of the problem. The changes it has recommended are more cosmetic in nature.

What's the one thing you would fix at BSNL urgently?

Procurement. It's the make-or-break process. Tenders have to come out. The eligibility criteria is the key here. It should be an open affair, where you call vendors and discuss. The focus should be on project execution, without any interference. Vested interests prevent BSNL from getting the best. We pay more and don't even get access to the latest technology.

Each tender brings new technology. Interfacing is a problem. Do you think private players are fools? They have managed service contract with a couple of vendors and they just order. Why can't BSNL do the same thing? Put any scrutiny or audit or norms, but allow us to behave like private players when it comes to procurement.

dent of Nortel Networks in India: "By the time a BSNL tender is finalised and executed, the technology has evolved. And its next tender cannot be conceived and initiated unless it exhausts its existing capacity."

Goyal says BSNL is reviewing its procurement processes. Perhaps, the rejection of DoT's advice in the latest tender is a sign of BSNL asserting itself, but the damage has been done. BSNL has lost out on a lot of subscriber growth in the last three years. Between June 2006 and June 2009, BSNL added 33.3 million mobile subscribers, which was way below Bharti (79.3 million) and even Idea (38.6 million). This was despite having greater coverage than any other player in terms of mobile towers and backhaul across the country.

A Question Of Ownership

If it's not external factors that are pulling BSNL down, there is internal friction pulling it in different directions. Everyone who has been involved in or dealt with BSNL speaks highly of its talent pool. "The private sector has been built by ex-BSNL employees. It is said that if you put in five years on the technical side of BSNL, you have made it," says Seth. "The problem arises in BSNL in placing the right man at the right time, at the right place, because the powers to post senior officers lie with DoT, not BSNL."

When BSNL was carved out, DoT employees were given the option to choose between the two. Below the Deputy General Manager (DGM) level, or the third and fourth line of management, DoT employees moved in large numbers. But above that, the majority didn't move in spite of the higher salary, choosing the security of a government job over the perceived uncertainty of a corporate job. As a result, the managerial cadre of BSNL was weak.

So, DoT officials, primarily from the ITES (Indian Telecom Engineering Service, or the telecom equivalent of the IAS), started going to BSNL on deputation. Thus, they get the best of both worlds: higher salary from BSNL and the higher standing and job security of DoT. But it has created a peculiar situation. The top brass—the CMD and directors—are permanent BSNL employees. As are those below the DGM level. But the third and fourth lines of management are mostly on deputation, and not necessarily an ideal fit for their profile.

It's a practice that has continued, and is a source of resentment among the permanent employees of BSNL. "These 1,500 people are non-committal to the growth of BSNL. They are talented, but they lack the will to work to their capabilities," says VAN

Namboodiri, General Secretary, BSNL Employees Union. "This is impacting the company's growth."

At the time of corporatisation, many non-executive employees (linesmen, exchange employees) were promoted to do administrative work. They were not engineers, but they had functional knowledge. The young engineers joining today have to work under them, despite being more qualified. They feel that BSNL is suffering because of such non-executive people occupying executive posts.

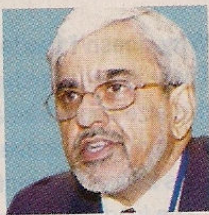
Says Uppal: "Most (BSNL employees) lack the commercial acumen." He cites BSNL's approach to infrastructure sharing, both in landline and mobile, as an example of narrow thinking. BSNL was the first operator to have a pan-India coverage. When private players were expanding, it refused to rent its unused infrastructure to them. So, they had no choice but to build their own infrastructure. Says Uppal: "Had it shared infrastructure, it would have earned immediate revenues and derived a long-term competitive advantage by making its rivals dependent on it, instead of speeding up their infrastructure." It's only now that it has started sharing its mobile towers.

Till as recently as last year, BSNL's marketing policies were centred around the belief that customers will come to it. In mobile services, it wasn't doing any push marketing; it didn't even leverage its pan-India coverage to good effect. In landline, it wasn't doing any marketing at all. Customers had to go to its exchange to apply for a connection. Customers in non-metro areas went as they trusted BSNL as a brand and didn't have many choices besides it, but it didn't cut much water in the metros. BSNL didn't even have a customer service call centre till last year. Awareness of its plans is very low. In the recent 'pay per second' recalibration, it was the last company to make the shift. And unlike others, there was no ad blitz informing consumers of the change.

There is change, but it's slow and faces typical BSNL hurdles. "About 10,000 employees from networking are being deputed to sales and marketing," says Goyal. "They will do incentive-based selling." Supporting the move, Namboodiri laments that this

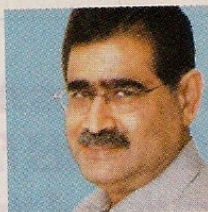
pool largely consists of non-executive employees (like linesmen). "Executive officers should meet the middle- and high-income class to give a positive image of the company, but they are not ready to join," he says. "The average age of non-executive employees is 45 years. They might not be able to answer all customer queries."

Even as the blame game continues, BSNL is the ultimate loser. Its landlines, once its mainstay, have been falling consistently, from



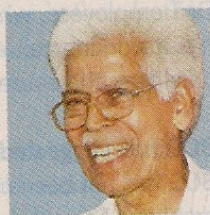
DPS SETH
ex-CMD, BSNL

“BSNL rarely has equipment to expand its services when it needs it. There was always a lot of interference in buying.”



MAHESH UPPAL
Director,
Com First (India)

“BSNL needs a strategic partner. Any operator will be willing. It has a customer base and good infrastructure.”



VAN NAMBOODIRI
General Secretary,
BSNL Employees Union

“These 1,500 people (who are on deputation from DoT) are non-committal to the growth of BSNL.”

THE GLOBAL RESCUE

At some point, the Indian government has to ask itself: what to do with BSNL? From the experience of other countries, one thing is clear: national operators have flourished when the government retained control, but let go of management.



BRITISH TELECOM

The British government gave BT a soft-landing. In 1982, it took away its monopoly status by allowing one more player. In 1984, it privatised BT, by offering 50.2% equity to the public. In 1991, Britain opened its telecom market to the private sector, thus giving BT some lead time to prepare for competition. But post-privatisation, BT was subject to a regulatory onslaught related to its infrastructure. It overbid for mobile, and almost died. Then, it reinvented itself as a network services company.



france tele.com

FRANCE TELECOM

Privatised in 1998 through a public listing, Europe's third-largest telecom company is 27% owned by the French government. The government has step-in rights in case any shareholder exceeds 5%—basically, ask the shareholder to cut back to 5%. It also nominates the CEO. Within two years of privatisation, the company bought UK mobile phone company Orange for £25.1 billion from Vodafone. The company has since spread its footprint across the world by acquiring both operators and licences.



asia's leading communications company

SINGTEL

To Indians, this might be better known as the company that owns 32% of Bharti Airtel. Singapore's national operator was listed in 1993. Ever since, it has been indirectly controlled by its government, through its shareholding in its sovereign fund, Temasek. Temasek ensures transparency and works to enhance shareholder value by running SingTel as a commercial entity rather than as a public company. The company has gone overseas and acquired stakes in private operators like Airtel.



TELEKOM MALAYSIA

Like Singapore, Malaysia handed over companies owned by it, except Petronas, to its sovereign fund, Khazana. The idea was to maximise shareholder value. Telekom Malaysia was split into two: TM took care of the domestic landline and broadband operations, while Axiata went after the mobile business, both domestic and global. Both companies follow a different growth strategy. TM gets government funds to improve the broadband infrastructure, while Axiata has been looking for opportunities in low-penetrated markets.



TELENOR

Established as a public corporation in 1994, privatised in 2000, the Norwegian national operator is 53% owned by the government. Still, the company has a professional board to run its affairs. The company has gone global, with operations in 12 countries in Scandinavia, East Europe and Asia. It is the sixth-largest telecom services company in the world.

35 million subscribers in June 2006 to 29 million subscribers in June 2009. Some of these losses are because of the shrinking of landline demand, but most of it is due to consumers shifting to private players.

Likewise, in mobiles. Extrapolating from historical trends and current market conditions, Research And Markets, a consultancy, paints a grim picture for BSNL. It has forecast that BSNL's market share in the mobile segment will decline from 12.7% in June 2009 to 7.3% by 2013. Given the 2013 projected subscriber base of 876 million, that is 70 million subscribers for BSNL—an addition of just 16 million subscribers from current levels. By comparison, Bharti and Vodafone are expected to add 137 million and 74 million subscribers, respectively, during the same period.

Ringling In Changes

The assumption built into those projections is that the decline of BSNL will continue unabated. CMD Goyal doesn't agree. Over the past year, he has been quietly initiating reforms, for which, he hired the Boston Consulting Group. In a personal letter to BSNL employees in January, he outlined 'Project Shikhar', whose big objective for BSNL is to regain the number one slot by 2013.

"BSNL is undergoing a transformation," says Goyal. BCG has recommended four broad changes, to be implemented over the next two years. One, rather than split the organisation according to divisions (finance, marketing, and so on), split it according to verticals (fixed, mobile, enterprise and new businesses). Two, morph from a network-technologies company to a sales-



Landline: Don't Write it Off Yet

GLOBALLY, FIXED-LINE traffic is almost six times mobile voice traffic, but generates one-sixth the revenues. At BSNL, although the share of its non-cellular business (landline and Internet telephony) in its revenues is steadily decreasing, it is still a substantial 63.1%. However, losses on this side are mounting: Rs 5,836 crore in 2008-09 (See graphic: *Land Locked*). Says BSNL CMD Kuldeep Goyal: "Fixed-line is proving to be a burden, but we can't do away with it."

Goyal is approaching it from the point of larger goals set by the government. In the context of economic and social nationalism and security, every country needs a vibrant fixed-line player. That role has been played by national carriers.

Despite the distressing numbers, in the evolving environment, landline might still have a business case. "The boundary between fixed and mobile is converging very fast," says Ashish Sharma, Principal, Booz & Co. When it comes to delivering data, entertainment and voice on the same network, fixed lines score over wireless. Applications like mobile TV have had limited appeal among users and operators because of its spectrum-hogging properties.

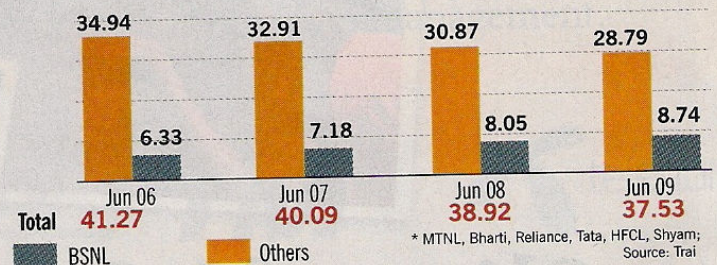
For a player like BSNL, which has copper and fibre already in place across the country for voice, broadband and other services like IPTV (TV via landline) can ride pillion. No other Indian telecom player even comes close on a national scale. Their coverage is mostly select. Bharti, for instance, offers it in 95 cities that have the highest revenue potential as identified by it. Tata and Reliance do the last mile mostly on wireless.

But reaching everywhere is not enough. BSNL still has to create a market there, and a profitable one at that, for broadband and IPTV. Traditionally, creating markets has never been BSNL's strength. But if it can crack the marketing, and leverage its existing network, its landline liability can become an asset again.

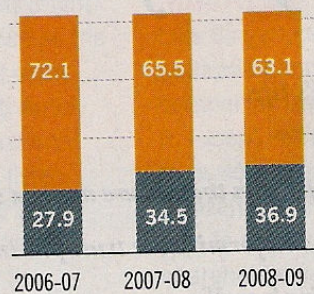
Land Locked

Landlines, BSNL's main business, is a shrinking market. On top of that, it is losing share to rivals and is making huge losses.

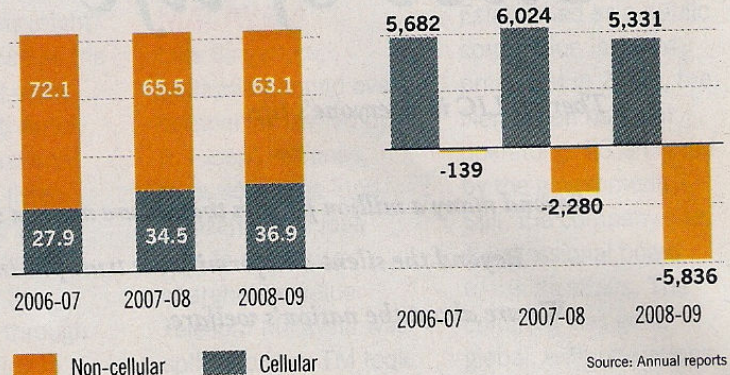
Subscribers (million)



Revenue breakup (%)



Operating profit/loss (Rs cr)



oriented company. Three, build the BSNL brand. Four, use IT to streamline business processes. Goyal's three-year term ends in June 2010. Given the history of apathy and abuse in BSNL, it's anyone's guess whether this change will become institutionalised in the company or move out with the man.

It's a testimony to the unpredictable nature of corporate governance in BSNL that Goyal makes a pitch for a public listing as a mechanism for checks and balances. It's a tacit admission that it can't keep vested interests in the government at bay, public pressure might. "An IPO will make us more accountable, keep us on our toes and make us more transparent," says Goyal. "And it will be easier for us to raise funds."

Not that it needs the cash today. BSNL is sitting on a cash pile of Rs 38,000 crore, the returns from which help it show a profit at the net level. It wants to use some of that cash to acquire companies abroad to push growth. It is evaluating a bid for Zain, a Kuwaiti operator with operations in 21 countries in Africa and the Middle-East. Earlier this year, BSNL made a failed attempt for Millicom's Sri Lankan operations.

The overseas foray has stumped many. "It must first set its India operations right," says Mangesh Sathe, Manager, PRTM. "Any distraction could mean diverting management bandwidth and missing the India opportunity." As with everything BSNL, there's an element of intrigue. It is bidding for Zain in a consortium that is led by Vavasi Technologies, a Delhi-based company that has no revenues and whose antecedents are a mystery. Why couldn't BSNL bid by itself? And even if it needed a partner, why Vavasi? As with the procurement tender, several conspiracy theories are doing the rounds. And BSNL, as usual, has maintained a studied silence, exposing itself to the old criticism: just who is running the show?

Hands-Free Management

The government is running the show—and yet, it isn't. It's why the rallying call is to leave BSNL to BSNL officials. Says ex-CMD Seth: "Leave BSNL officials to do their jobs. There are enough audits and vigilance monitoring to nail them if something goes wrong." Adds Uppal: "Only a robust separation from DoT can save BSNL."

The biggest issues are managing the cultural change and people issues as it moves from a state-owned incumbent to a competitive carrier. "Cultural change in a large organisation is very slow," says Rob Bratby, Partner, Olswang LLP, a UK-based law firm, who has seen the European telecom experience from close. "Companies committed to change are better able to embrace revenue opportunities, while those that took a defensive posture have stagnated."

Uppal feels BSNL needs a strategic partner. "Any operator will be willing. It has a readymade customer base and good infrastructure in place." It's a move that won't be palatable to trade unions, who fear large-scale job losses. In revenues, BSNL and Bharti are locked close together. The difference is that Bharti does it with 25,000 employees, BSNL does it with 300,000—12 times as many. The unions are, in fact, even opposed to an IPO for the same reason.

There are several models to insulate BSNL from the government, even while leaving control with the government. "The

proven way to do it in India is to hand over the company to a consortium of financial institutions (FIs)," says Ashish Sharma, Principal, Booz & Co. "The company remains with the government, but there is no direct interference. The FIs manage it on behalf of the government."

A step further is what Malaysia and Singapore have done.

They have formed a domestic wealth fund and the equity of the company lies with the fund. The government's interaction is only with the wealth fund, which manages the company.

The third step, and the most radical, is to list the company, but retain 'step-in' rights. This is what France Telecom did. The equity holding of a single shareholder is capped at a certain limit. If anyone increases their stake beyond that limit, the government has the right to step in. This will ensure that BSNL remains a controlled Indian player.

Another radical step that can be taken is to break up BSNL into four entities and hand it over to independent Indian entities. The government can continue to be on the board with a minority stake. "This is a proven model—VSNL, which is now Tata Communications, did that," says Sharma. He adds that conditions can be built in that mandate a company to achieve universal penetration in its area of operations before going beyond it. The government needs to do something. BSNL in drift mode will simply be Air India, part two. ■

The third and fourth lines of management in BSNL are on deputation from DoT, which is a source of resentment among the permanent staff.



Even those who help power a nation could do with some extra power.

Only **SERVO** offers complete lubrication solutions to meet all your requirements.

Industrial Oils | Marine Oils | Automotive Oils | Greases



The nation counts on you to light up our lives. Which is why, you need a partner who can match and provide solutions for all your requirements under one roof. **SERVO**. A range of Industrial oils. Only from **IndianOil**.

The **SERVO Prime** Series turbine oils have been crafted exclusively for your turbines and are tested to ensure maximum performance even under extreme conditions. **SERVO Prime** Series turbine oils have been approved by all leading turbine manufacturers including **BHEL, Siemens** and **GEC-Alsthom**.

SERVO simply makes your turbines deliver 100% Performance. Everytime. In fact, more than 70% of the turbines in India today use only **SERVO** turbine oils. So, choose India's choice. Choose **SERVO** for all your lubrication needs.



100% PERFORMANCE. EVERYTIME.