

# Hands off BSNL's funds

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Public sector telecom majors BSNL and MTNL together have cash in hand of Rs 42,000 crore. A fool and his money are soon parted, goes the proverb.

Now, public enterprises are not fools. But they can be made to behave foolishly by clever men who have access to the political levers that control these enterprises.

This would seem to be the only explanation for the ongoing attempts to drag BSNL and MTNL into a consortium led by a company called Vavasi that has suddenly materialised out of the blue, as it were, with a proposal for the consortium to bid for a minority stake in Kuwaiti telecom company Zain at a valuation that would turn Shylock green with envy.

A four letter word would summarise this protracted transaction better: scam. The government cannot allow such a thing to happen right inside its nose. It should come forward to firmly quash all moves to transfer the public sector telecom enterprises' cash to [foreign investors](#) on whatever pretext.

The urgent action that the government needs to take with regard to MTNL and BSNL is to give them autonomy of operations so that they can run their businesses well in the fastest-growing telecom market in the world, which also happens to be the country these companies know and understand best, namely, India. At present BSNL and MTNL are the only operators to have obtained 3G spectrum and commenced 3G services, only to struggle to acquire customers.

BSNL earns more money as interest on cash deposits than from its operations, even as private sector operators refine, every passing day, the art of making big money from small transactions. This situation must change. There is no reason why the quality and efficiency of service provided by public enterprises should be inferior to what their private sector rivals deliver.

It is suboptimal for a company to sit on a huge pile of cash. If it has no use for the cash, it should return it to the shareholders. If it is kept as a war chest for sudden launch of moves that would take the competition by surprise, there has to be some sign of such business savvy. BSNL has a huge market that cries out for low-cost data connectivity. Its energies and funds should go to heeding that cry.

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