

# We are readying rollout of 5G services, says Anupam Shrivastava

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From launching 4G services to preparation for 5G, state-run telecom player, Bharat Sanchar Nigam Ltd (BSNL) is leaving no stone unturned to catch up fast with the intense competition in the sector and be a relevant player. 5G is knocking at our doors, BSNL chairman and managing director **Anupam Shrivastava** tells *Mansi Taneja*. It also plans to offer 4G services pan India (except Delhi, Mumbai where MTNL operates) by end of first quarter next fiscal.

## **When do you plan to get into 4G space?**

We have just launched 4G services in Kerala with the help of our 3G spectrum. We have given contracts to Nokia and ZTE for setting up our 4G networks. We have also asked the Department of Telecommunications (DoT) for allotment of separate 4G spectrum, five MHz in 2100 MHz except in Rajasthan where it will be in 800 MHz.

## **Will BSNL pay last auction price for the same?**

Yes, absolutely at auction price. DoT had asked us to prepare a detailed project report, which has been approved by BSNL board and been submitted to the government. DPR shows it is profitable for BSNL to launch 4G services and therefore, they should now allot 4G spectrum separately, which will help us to concurrently run our 3G and 4G services. Where we have already launched 3G, we will launch 4G services from the same BTS. We just need to programme BTS accordingly and it can simultaneously radiate all frequencies – 2G, 3G, 4G.

DPR is prepared on the basis of the cost of the spectrum which is the main cost at around Rs 12,500 crore. 50% payment will be done upfront and rest 50% will be made in 10 equal instalments. However, the upfront payment is going to be met through the equity route. DPR is prepared in such a way that government will infuse the necessary equity and the rest of the money will be paid in 10 equal instalments by BSNL.

### **When do you plan to go pan-India with 4G?**

We would launch it pan India except for Delhi and Mumbai by the end of first quarter next fiscal. The government is actively considering to allot us this spectrum. The cost of the spectrum will be met through two parts, upfront will be met through the equity infusion by the government and staggered payment will be met by BSNL's revenue generation in ten equal instalments. The government is likely to infuse Rs 7,000 crore in the form of equity while our investment will be around Rs 55,00 crore. We expect the approval to come in April. Our core network is already in advanced stage of completion and in all the four zones, the BTSs are at the advanced stage of installation. Everything has begun. The moment spectrum is allotted, we have to just tune and launch services.

### **Any update on 700 MHz you were seeking..**

We had requested 700 MHz especially to launch broadband services in the rural areas. It is pending with the government. If it is given to BSNL, we can utilise this spectrum to roll out mobile broadband services in rural areas.

### **What are your expansion plans?**

In the last three years, BSNL has revived from a negative Ebitda company to a positive one. The topline also grew in last three years, while the net loss has come down. This year is very tough, but let's see, we are hoping that it should also give us good results because most of our revenue which comes from enterprise business segment comes in the month of March. So, we should be in a position to show a good result, but it all depends on how this month goes.

## **What kind of growth are you looking at in the enterprise business?**

We are seeing good growth in the enterprise business. At the same time, we are also seeing growth in customer base. If you look at BSNL's customer market share, it has grown this year despite intense competition. Many of the subscribers are coming to BSNL after Aircel stopped its services. Even subscribers from Reliance Communications, Tata Group and Videocon came to BSNL.

In a way, consolidation has helped BSNL. It has helped all the four players in fact. Telecom industry is now 3+1 – Reliance Jio, Airtel, merged Vodafone Idea and BSNL/MTNL. So these four players will run the telecom industry but because of the intense competition and low tariffs, all the companies are facing the topline crunch.

Till last year, there was an improvement in BSNL's numbers. We will have to wait for the end of this fiscal to get an accurate picture.

## **How close are you to your target of coming back to profits?**

The target is still 2018-19. It is based on two-three premises. One is that our staff expenditure will go down because of many retirements. Secondly, the four players will have to increase tariffs sooner than later, which will then enable an increase in topline. We expect competition to ease. Besides, BSNL revenues from the government projects will also come. All these put together will help us in coming back to profits by March 2019.

## **Are these low tariffs sustainable?**

It is sustainable by two drivers – one, with the launch of new applications, there will be demand for more data consumption per capita which will add to the top line. Even if the tariffs remain same, the increased data consumption will add to the revenues. But, we expect competition to ease out next year and tariff will be rationalised to an extent, which will make it sustainable for all the telecom companies.

## **Tell us about the application, services launches**

Like video applications are coming in a very big way, gaming services, new TV channel services are coming. All these applications are going to drive the data further, thereby corresponding increase in revenue as well. But, by the time you are doing this, the world is already started moving towards 5G.

BSNL is now putting its act together for the 5G network for which we have signed MoUs with Nokia, ZTE and a Korean firm. We are also tying up with NTT Japan. We are preparing ourselves for the rollout of 5G. Now, the technology is coming where all the Gs can co-exist.

So there is going to be a need for capital expenditure by all the operators. Even the operators who have recently put their money on the 4G network will be forced to invest in 5G as well.

The government will have to find out the spectrum mechanism. BSNL is better placed because our investment in 4G is not much. So without much exposure to 4G, we should be in a position to move to 5G to an extent. It will be a blessing in disguise for BSNL, as we will be ready to jump from 3G with a small 4G step to 5G.

### **Globally, how are telecom players adopting 5G?**

In Barcelona (the biggest telecom summit globally) this year, there was a distinct shift there from last year – last year, the scenario was that 5G will come in a scattered way in 2022 and there were use cases and the drivers. But in one year, things have changed. World over, the telecom vendors have forgotten about the use cases and they have launched 5G for broadband services.

Verizon has launched in the US and in Europe also, they have launched 5G. This new technology will come much before it was expected. By next year, we expect 5G to come to India as well. Almost all the telecom players will firm up their plans on 5G by this year-end.

If you don't do it, the world will push you to have the 5G network. We can't have a situation where maybe Nepal and neighbouring countries like Sri Lanka have 5G but we are behind. 5G is already knocking at our doors.

**Is the market ready for 5G technology?**

Yes. Handsets will be similar just that they have to be 5G enabled. We are known for the lowest tariffs across the world. That won't be a problem. Anyway, I think consumers are going to changing their handsets on an average two years.

But what happens in India, when it is mass produced the cost always come down. Look at 4G now, one can get a 4G phone below Rs 10,000 very easily.

**What is the update on your WiFi project?**

We have touched about 18000 WiFi hotspots. These are all on a revenue sharing model. We have to roll out WiFi under the DoT project as well, which will be another 25,000 hotspots funded from the USO fund. We will set another 100,000 WiFi hotspots in one year. We expect Rs 200-250 crore from revenues from this business.