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Market Watch

June salaries of BSNL staff on time: Top Executive

BY MUNTAZIR ABBAS, ET BUREAU | UPDATED: JUN 28, 2019, 10:34 AM IST

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NEW DELHI: Salaries for June to 1.65 lakh workforce of [Bharat Sanchar Nigam Ltd. \(BSNL\)](#) will be disbursed on time as the state-run telco has sufficient cash flows, a senior official told ET.

"We have satisfactory cash flow and are able to pay June salaries on time," a BSNL official said on condition of anonymity, adding that the Department of Telecommunications (DoT) has an outstanding of about Rs 14,000 crores to clear.

The staff's June salaries, according to the telco, is expected to hit bank accounts on coming Monday, July 1.

The stressed state-run telco delayed February salaries for the first time and also fell short payments to multinational vendors and domestic companies and small-and-medium firms.

"BSNL has been seeking a refund for the Broadband Wireless Access (BWA) spectrum return and the excess amount taken by the government towards pension contribution, in addition to non-payment of various state-funded connectivity programs that together come close to Rs 14,000 crore," the official said.

The national carrier had sought Rs 6,724.51 crore payment to BSNL for the return of BWA spectrum, in addition to about Rs. 2,300 crore paid in excess towards pension liability to the government from 2007 onwards. In 2013, a group of ministers (GoM) headed by the then telecom minister Kapil Sibal had approved it.



The stressed state-run telco delayed February salaries for the first time

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BSNL has also been struggling to get its bills cleared from the department for multiple connectivity initiatives it had undertaken in rural and remote areas including Left Wing Extremism (LWE) - I program.

In addition, the government is yet to clear Rs 3,300 crore worth of loan receipt it announced ahead of Lok Sabha 2019 election in March, which, according to the official, is crippling the country's fourth-largest telco.

Meanwhile, BSNL Thursday denied receiving any direction from the government on holding back any vendor payment or capital expenditure.

However, the high wage cost has been a major reason for the public sector company running into losses with nearly 70% of the revenue eaten up for maintaining employees salaries compared to private sector rivals, which spend less than 5% on manpower payouts.

On Wednesday, telecom minister Ravi Shankar Prasad in a written reply in Parliament attributed fierce competition, high employee cost and unavailability of 4G services for the poor financial health of BSNL.

The telco expects FY 2019 losses to narrow to around Rs 7,500 crores, on the back of its multiple cost-cutting measures as well as healthy growth in the enterprise business.

The service provider reported a loss of Rs 7,992 crore for the fiscal year ended March 2018 that had widened from Rs 4,793 crore in FY 2017.

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