

NEW DELHI: After MTNL, whose MD, RSP Sinha was asked to step down recently, it is now the turn of BSNL's board members and senior leadership to face scrutiny.

BSNL's executive unions are questioning the qualifications, delivery and motivation of the company's senior leadership, blaming it for the public sector telecom giant's rapidly declining financial health. A letter has also been sent to the Public Services Enterprise Board (PSEB) asking it to replace the existing BSNL leadership with the best external talent from the IITs and IIMs.

This comes in the backdrop of renewed disinvestments talks along with Sam Pitroda and Deepak Parekh's names being floated to lead BSNL's restructuring. While the government believes that offloading 10% equity in BSNL is the answer to its troubles, this logic is not entirely convincing.

"The leadership is responsible for poor performance in terms of rapid erosion of market share, revenues and profitability. Disinvestment will at best gather some revenues for the government. It will not change BSNL's performance," points out G L Jogi, general secretary, Sanchar Nigam Executive Association (SNEA) India. SNEA represents around 45,000 executives with an active role in management decisions.

Experts highlight that falling revenues and profitability will also lower the company's valuations at the time of divestment, which accentuates the seriousness of the leadership debate. Speaking to ToI, SNEA officials alleged that BSNL's management has failed to deliver on planning, HR, sales and marketing.

The fact is that five of the eight board members hold a BE degree. This includes CMD, Kuldeep Goyal, director HRD, Gopal Das, director consumer mobile, R K Aggarwal, director enterprise business, Rajendra Singh and director consumer fixed access Rajesh Wadhwa. The post of director finance is currently vacant while the last two, DoT officials P K Mittal and J S Deepak are government nominees and part-time directors to the board.

"These are all either technical people or government appointees with very little knowledge of running a complex telecom enterprise," says a telecom analyst. When contacted, Kuldeep Goyal, CMD, BSNL said, "The board has been selected by the PSEB after a rigorous process so I would not like to comment on its quality". However, a senior DoT official, who did not wish to be identified, acknowledged that BSNL is troubled. "Its top management needs a variety of skills. This is a valid demand."

BSNL executives further allege that the government nominees on the board play multiple roles in the DoT, representing a conflict of interest. In some cases, they are responsible for regulating BSNL's competitors in the DoT, while participating in BSNL's commercial well being as members of its board, which prevents them from doing either job effectively.

"There is little demonstration of their contribution in improving governance or leading BSNL in a fiercely competitive environment," agrees an industry expert, who did not wish to be identified. It is well known that even when former DoT, TRAI or BSNL officials move into corporate sector jobs, they are only placed in regulatory or technical functions and rarely offered any other role.

This argument is convincing considering companies like France Telecom, NTT and China Mobile with government holdings have retained position as leading service provider in their country in spite of fierce competition. Some have even achieved global ranking.