

# MTNL to Rejig Marketing, Customer Care Operations

Move comes after telecom minister asks company to achieve 25% jump in revenues by March 2012

KALYAN PARBAT  
KOLKATA

State-run Mahanagar Telephone Nigam Ltd (MTNL) is about to overhaul its marketing and customer care operations in Delhi and Mumbai, following a directive from communication minister Kapil Sibal asking the management to achieve a 25% jump in revenues by March 2012.

This effectively means, MTNL will need to crank up nearly an extra ₹1,000 crore in additional revenues over the next nine months. "We did almost ₹4,000 crore of revenues in FY11 and the telecom minister now wants MTNL to achieve a minimum 25% revenue growth by the year-end from its full spectrum of services, which means nearly an additional ₹1,000 crore by March-end 2012," said an MTNL director who did not wish to be named.

In the immediate term, "we have told our marketing and customer care units in Delhi and Mumbai to focus more on the lucrative enterprise business and also target a sig-

nificant improvement in call completion rates in our GSM networks," said the official quoted above.

The MTNL leadership concedes meeting the higher revenue target will not be a cake-walk, given that the loss-making telco is struggling to keep pace with nimble private sector rivals like Bharti Airtel, Vodafone Essar and Idea Cellular in the biggest telecom zones of Delhi and Mumbai where it operates. So much so, MTNL suffered ₹2,826 crore net loss in FY11, which is 8.27%

higher than the earlier financial year.

Dismal call completion rates are at the heart of MTNL's problems, which has resulted in a poor appetite for its mobile services in recent months. A recent Trai report reportedly indicated that MTNL added fewer than 400 new mobile subscribers in April 2011, which is a

far cry to the hundreds of thousands of new customer acquisitions happening across private mobile networks.

"Internal targets cannot be shared, but we are looking at a double-digit improvement in MTNL's call completion rates across its landline and mobile networks in Mumbai and Delhi. We will also bolster our marketing & customer care divisions to reach out faster to potential retail, wholesale and enterprise customers. We believe this can lead to some improvement in new customer acquisitions across our landline and mobile services businesses in the near future," said another MTNL executive.

However, executives concede that the telecoms PSU is in the throes of a serious funds crunch, especially after the ₹7,000 crore of bridge loans it took to buy costly 3G and BWA airwaves in Delhi and Mumbai last year. Its stressed financial state can ease somewhat if the Department of Telecom or DoT agrees to foot MTNL's near ₹390 crore annual pension payout bill."

Since MTNL's employees are essentially DoT people who were absorbed in two stages — November 1998 and October 2000 — we are hopeful the telecom department will handle the pension payouts in future. We are awaiting DoT response to our proposal," said a top company executive.

A portion of MTNL's bridge loans have been restructured. "But investments in new projects can only happen after we clear our existing debt. The telco is in the process of taking another ₹1,500 crore of secured loans from private and public sector banks to prune its debt and meet long-term capex requirements," said he added.

Like BSNL, Sibal wants the MTNL management to take the tough calls and make circle heads in Mumbai and Delhi financially accountable. Indications are that future budget allocations for MTNL's Delhi and Mumbai circles will be linked to revenues achieved. At present, Mumbai circle generates 60% of MTNL's revenues while Delhi generates the balance 40%.

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