



FALLOUT OF BSNL: A BONE OF CONTENTION IN TELECOMMUNICATION INDUSTRY

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ABSTRACT

This paper is designed to examine the reasons for BSNL decline. Some of the major drawbacks are internal issues for dropping of landline, non-payment of salary to its employees, emergence of Jio, and other technical issues. Also this paper is focused on these issues.

KEY WORDS: *Top loss, Lack of policy, Cash strapped, Interruptions, Diminishing.*

INTRODUCTION

Bharat Sanchar Nigam Limited is an Indian state owned Tele-communications company headquartered in New Delhi. It was started up in 15 September 2000 and assumed the business in telecom services and network management from the erstwhile Central Government Departments of Telecom services(DTS) and Telecom Operations (DTO) as on 1st October 2000 on a going-concern basis. It is the largest provider of fixed telephony with more than

49% market share, and is the fourth largest mobile telephony provider in India.

BSNL is India's oldest communication service provider and its history can be traced back to the British Era. During the British era, the first telegraph line, was established between Calcutta and Diamond Harbor. The British East India Company started using telegraph in 1851 and till 1854 telegraph lines were laid across the country. The first telegraph service was introduced in 1854 and the telegram was

first sent from Mumbai and Pune. In 1885, the Indian Telegraph Act was passed by the British Imperial Legislative Council. After the division of post and telegraph department in 1980s, the creation of Department of Telecom by 1990s eventually led to the emergence of the State owned telegraph and telephone company **BSNL**.

BSNL then continued the telegraph services in India until its shutdown telegraph services completely on 15th July 2013. **Pravin Kumar Purwar** is the Chairman and Managing director of BSNL. Services like Fixed line telephone, Mobile phone, Broadband, Internet television and IPTV are provided by BSNL. There were more than 115.95 million members. BSNL has 174,216 employees in the year of 2018

BOILING POINT OF BSNL

➤ **DROP OF LANDLINE**

BSNL introduced its landline connection in India in 15th September 2000. However, with the introduction of cell phones the market for landlines started diminishing. There was huge delay to get connections when interruptions happen. One of the major reasons for its decline can be said to its poor customer care. Normally, the new connection can be given within 4-7 days, but in case of BSNL is probably took a month. And for the damaged lines it took 3-4 days where it can be done within half day. While others where, BSNL lacked such policies and offers which made even more critical. People are mostly converted to mobile phones. So the main reason for the decline of landline is the startup of the mobile phones.

➤ **NON PAYMENT OF SALARY**

BSNL is facing a challenge in crediting salaries to the staff from the month of June. The official said that while the telecom company is generating monthly revenue of about Rs1400 Crore, there was certain liabilities such as interest payments, which have to be taken into account. Meanwhile, All India Unions and Associations of BSNL (AUAB) Convenor P Abhimanyu told “Government owes BSNL huge amount of money. They have also collected excess amount of around Rs 400 crore per year from BSNL since 2007 in the name of pension contribution”.

AUAB has been planning to start agitation across the country to press for its demands. “This time we will start agitation across the country against the government. If the Department of Telecom clears dues of BSNL – both vendor payments and salary can be given on time”, he said. BSNL had said that it used its internal accruals to clear the pending wages. BSNL’s loss is estimated to be around Rs 14,000 crore with a decline in revenue to Rs 19,308 crore during 2018-19. 75% of the total income of the company has been used as employees’ salaries.

➤ **EMERGING OF GIANT JIO**

A recent report by the Kotak Institutional Equities quoted as “India’s top loss making firms.” Revenues in 2017-2018, stood at Rs27,818 Crore, down 14% from the previous year. Losses, too, widened from Rs4,500 Crore in 2016-17 to Rs7992 Crore in 2017-18. Accumulated operating losses were over Rs90,000 Crore at the end of December 2018.

Last 12 months have been challenging times for the Indian Telecom Industry as the launch of Jio has disrupted the existing telecom landscapes.

It gave 1 GB per subscriber per month and gradually increased its margin by providing 1 GB per day. This single strategy of Jio raised its hope for success in telecommunication industry and there started the decline of many other sector of telecommunication. At the same time the price of data has dropped a whopping 95% to Rs11 per GB from Rs192 per GB.

It grabbed subscriber in 80% almost all over the country. Jio is one of the major players in share market which possess combinely 90% with Idea and Vodafone. Rest of 10% surviving shares is held by other companies including BSNL. The sales and profit of BSNL have slumped year on year due to Jio launch.

➤ **CLOSING BELL FOR BSNL**

The department of telecommunication (DOT) while starting to give Rs74000 crore to get BSNL back again. Finance Ministry of India wants BSNL close down.

The closure of BSNL aims giving attractive voluntary retirement scheme to all 1.65 lakh employees and its debt repayment. It doesn’t cost as high as Rs 95000 Crore as argued by DOT. Some are re deployed to other government, departments.

CONCLUSION

This is an important finding in the understanding of the reasons for the downfall of a major telecommunication sector of the economy. It should have given proper schemes and timely customer service for landlines. At the time of losses due to its debts, the employees should have given reasonable payments for their work done there. Also, they should have taken steps in bringing new services according to current trends in the telecommunication industry. As this is the government company, they should take necessary steps to clear all those obstacles.

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