# Reviving BSNL in a Competitive Telecom Market

## Why in news?

To spur Bharat Sanchar Nigam Limited's (BSNL) overall competitiveness in the steep domestic telecom market and de-stress its balance sheet, the Union Cabinet has approved revival package worth ₹1.64 lakh crore.

## How significant is India's telecom industry?

- As per the National Investment Promotion and Facilitation Agency, India's telecom industry is the second-largest in the world.
- The country's overall tele-density is 84.88%.
- However, there exists a divide between rural and urban areas where the urban market's tele-density is 134.70% and the rural market is about 58.2%.

## How about the picture of BSNL?

> *BSNL is a technology-oriented integrated telecom service providing company. It is a 100% Government owned Public Sector Undertaking that was incorporated in 2000.*

- BSNL's share of wireline connections fell sharply to 28.7% at the end of May 2022, from 46.6% in October 2019.
- Over the same period, the total number of wireline connections grew 17.6%. On the significantly larger wireless front, BSNL's already small share slid marginally to 9.85% as on May 31, with the number of subscribers declining.
- The only consolation was that the number of its rural wireless subscribers shrank by just 11.4 lakh.
- The intervening period has also seen BSNL shrink its workforce.
- BSNL's net loss narrowed appreciably to Rs. 7,453 crore during the FY2021.

## How does the latest package propose to help?

- The revival package would initiate measures on three fronts
  - Infusing fresh capital for upgrading the state-owned operator's services
  - Strengthening its stressed balance sheet
  - Augmenting its fibre network by merging Bharat Broadband Nigam Limited (BBNL) and BSNL
- It is expected that the package could help with a turnaround in such a manner that BSNL starts earning profits in FY2026-27.
- **Spectrum** - The allocation would help BSNL increase as well as consolidate its

serviceable bandwidth.
- Thus, it would be able to provide high speed data utilising a vaster network presence, more importantly, in rural areas.
- **Social objectives**- The allocation will help the company to fund its operational viability gap in the commercially unviable rural wireline operations that was undertaken between 2014-15 and 2019-20.
- **Authorised capital**- The Government would also be increasing the authorised capital to Rs.1.50 lakh crore in lieu of its adjusted gross revenue (AGR) dues, provision of capital expenditure and allotment of spectrum.

*The earlier package that was announced in 2019 proposed for the merger of Mahanagar Telecom Nigam Ltd (MTNL) and BSNL.*

## How is BSNL placed in comparison to its peers?

- **Social duty**- BSNL's social sector duties prompt that all loss on capital assets is met from internal accruals only.
- **Tech innovation**- Thus, it is unable to promptly respond to technological innovations in the market like its private peers such as rapid transition from 4G to 5G.
- **ARPU**- The average revenue per user (ARPU) of BSNL suffers and impacts the bouquet of services.
- **Base Transceiver Stations**- Reliance Jio and Bharti Airtel held six and five-and-half times more Base Transceiver Stations (BTSs), respectively, when compared with BSNL.
- **Subscribers**- Between the end of April and May, BSNL lost wireless subscribers at an average 0.30% each month, whereas Bharti Airtel and Reliance Jio combined had acquired wireless subscribers at an average 0.43% each month.

### References


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