

ELAMARAM KAREEM

MEMBER OF PARLIAMENT
(RAJYA SABHA)

Member :

- Standing Committee on Chemicals and Fertilizers
- Consultative Committee for the Ministry of Labour and Employment



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01-07-2019

Dear Shri. Ravi Shankar Prasadji,

I am writing this letter to draw your attention over the present condition of BSNL and request the special attention needed for the revival of it. BSNL Management had written a letter, dated 17th June, 2019, to the Department of Telecommunications stating that the company's financial position was critical and that payment of salaries to the employees for the month of June, 2019, as well as continuing with the operations of the Company would be difficult without immediate infusion of adequate liquidity. Based on this letter, many media reports are appearing, which are misleading the employees, as well as the general public. One media report has even gone to the extent of advising BSNL's customers to migrate to private companies.

As you may be aware that, it is not only BSNL but the entire telecom sector is in the ICU. Severe financial crisis has gripped this sector, because of the predatory pricings being practiced by Reliance Jio. Ever since it started its services in September, 2016, it is offering services at below cost price. Reliance Jio, which is having huge financial muscle, is adopting this strategy, with the view to eliminate its competitors. It is unfortunate that the government and the TRAI are extending their tacit support to Jio. As a result of this, the revenue earnings of all the telecom companies, including that of BSNL, have steeply fallen. Many telecom companies like Aircel, Tata Teleservices, Anil Ambani's Reliance Infocom, Telenor, etc., are already closed down, due to the brutal tariff war started by Reliance Jio.

Despite the above mentioned sabotage, BSNL was performing well till the entry of Reliance Jio. It was continuously earning operating profits from the financial year 2014-15 onwards. In his Independence Day speech also, made in 2015, the Hon'ble Prime Minister, Shri Narendra Modi, acknowledged with pride that, BSNL had started making operating profit. It is the same BSNL, with one lakh employees more on its rolls, had earned Rs.10,000 crore net profit in 2004-05. However, thereafter, the government did not allow BSNL to procure equipments for 7 long years, for the expansion of its networks. All the tenders floated by BSNL, were cancelled one after another. This has severely retarded BSNL's growth. As of today, BSNL's outstanding debt is only Rs.13,000 crore. Whereas, Vodafone Idea's debt is Rs.1,18,000 crore and Airtel's debt is Rs.1,08,000 crore. Even Reliance Jio is having a huge debt of Rs.1,12,100 crore.

Further, BSNL's financial foundations are sufficiently strong. It is having an optic fibre network of 7.5 lakh route kilometres. Whereas, Reliance Jio's OFC network

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is only of 3.25 lakh route kilometres, Airtel's OFC network is of 2.50 lakh route kilometres and Vodafone Idea's OFC network is of 1.60 lakh route kilometres. The vacant lands that BSNL is having throughout the country, is valued at Rs.1 lakh crore. No other company is having such huge assets.

Despite all the above mentioned strengths, BSNL is facing an acute shortage in its cash flow. This is because of the stress that the telecom sector is presently undergoing. Being the owner of the Company, it is the duty of the government to take care of BSNL's short term as well as long term capital requirements.

Further, the people of the far flung and backward areas depend upon BSNL for their communication requirements. Hence, it is the responsibility of the government to ensure BSNL's financial viability.

However, the successive governments which came to power at the centre have treated BSNL with a stepmotherly attitude. This type of treatment is continuing even today. For example, private operators were given licences for providing mobile services way back in the year 1995. But, BSNL, which is the government service provider, got the licence only in 2002. Further, the private companies have rolled out their 4G services almost 5 years back. But, the government has still not allotted 4G spectrum to BSNL. This is how the policy decisions of the government have seriously hampered the growth of BSNL.

On the eve of the formation of BSNL in 2000, the Cabinet has assured that it will take care of BSNL's financial viability. However, this assurance remains on paper only. BSNL is acting as the real regulator of the telecom industry. Only because of the existence of BSNL, the private operators are not able to raise the tariffs. Once BSNL is finished off, the customers will be subjected to merciless looting by private operators. Hence, it is the duty of the government to safeguard BSNL, in the larger interests of the people and the nation.

Thanking You,

Yours Sincerely,

(Elamaram Kareem)

**Shri. Ravi Shankar Prasad,
Hon'ble Union Minister,
Ministry of Communications,
Govt. of India.**