

BSNL's 4G launch delay led to tariff hike by private players: Employees' union

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'Handicapped BSNL unable to restrain arbitrary tariff hikes by private telecom players at cost of consumers'



BSNL's labour union has termed the tariff hikes by telecom operators as "drastic" in a letter to the Minister of Communications. They added that the delays in the launch of BSNL's 4G and 5G networks was, in effect, allowing telcos to raise tariffs with impunity at the cost of the common consumer.

"It is needless for us to mention that BSNL had been acting as the true 'regulator' in the telecom sector. Earlier, due to the competition from BSNL, the private telecom service providers were restrained from increasing their tariffs capriciously. However, the scenario has changed now. BSNL has not been able to launch its 4G and 5G services till date, as a result of which it is handicapped from competing with the private operators and thereby restraining their arbitrary tariff hikes," John Verghese, the union's acting general secretary, wrote to the minister.

The letter added that due to the non-availability of 4G and 5G services, BSNL customers, deprived of high-speed data services, have started migrating to Airtel and Jio. "As per the data released by the TRAI, in 2023-24 alone, BSNL has lost a

whopping 1.8 crore customers. In a single month, i.e., March 2024 alone, 23.54 lakh customers have deserted BSNL. Whereas, in the same month, Reliance Jio has gained 21.43 lakh new customers and Airtel has gained 17.5 lakh new customers.”

BSNL has been trying to launch an indigenous 4G network for the last two years but has been delayed inordinately. Recently, consultancy firm BCG bagged a ₹435-crore contract to revive BSNL’s efforts to lay out a 4G network.

Missing software upgrade

The employees’ union, which does not speak on behalf of the public sector undertaking’s management, noted that the government’s refusal to upgrade to a 4G or 5G network through a software upgrade on the existing base stations, as well as its refusal to use traditional global vendors like Nokia and Ericsson had rendered BSNL incapable of competing with private players.

It also termed as misleading the telcos’ argument that the tariff increases were necessary to improve their average revenue per user (ARPU). “Absolutely there is no reason for the private companies to raise their tariffs so steeply. It is important to note that Reliance Jio has made a net profit of Rs.20,607 crore in the financial year 2023-24 and Airtel has made a net profit of Rs.7,467 crore during the same period,” the letter stated.

Brokerage firms, on the other hand, have noted that the tariff hikes were necessary to improve Vodafone Idea’s financial health. The debt-laden operator has been running at a loss for many years, and its fundraising was hinged on a tariff increase. BSNL’s employees’ union had earlier asked the government to allow the PSU to use Vodafone Idea’s 4G network to provide services to its customers.
