

# Economic Results of Bharat Sanchar Nigam Limited: A Case Study

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**Abstract** - The Indian economy relies heavily on the telecommunications industry since India is the second biggest telecommunications market globally. BSNL, the biggest telecom provider in India, is a government-owned public sector organization that has been struggling mightily over the last several years. Financial statements for BSNL Bhopal are the focus of this research, which spans the years 2016 through 2021. The financial statements (income statement, balance sheet, and cash flow statement) of a company are a condensed version of the company's financial reports, which detail the company's operating results and financial position. There are a variety of methods (tools) available for doing the necessary analysis and interpretation of such data. 67 BSNL Bhopal workers participated in the study's initial data collection and provided their feedback. A questionnaire was designed to elicit these replies, with the aid of 2 working hypotheses. The questionnaire was sent to the BSNL Bhopal staff in order to obtain their feedback. After analyzing the comments, it became clear that management had a major role in the company's efficiency. Over the last five years, BSNL Bhopal has consistently lost money. BSNL's Current Assets were discovered to be much higher than its Current Liabilities.

**Keywords:** Linguistic analysis; Natural language processing; Depression detection; social media.

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## I. INTRODUCTION

BSNL (doing business as Bharat Sanchar Nigam Limited) is an Indian telecom company wholly controlled by the government with headquarters in New Delhi. It is owned by India's Ministry of Communications' Department of Telecommunications. The Government of India officially established it on October 1, 2000. The company's top position, Chairman and Managing Director, is held by an Indian government employee with a background in either the Indian Communication

Finance Service or the Indian Telecommunications Service. It operates a communications network across India, allowing for the provision of mobile phone and internet services. It's India's biggest wireless telecommunications service provider and is wholly controlled by the government.

The government of India established Bharat Sanchar Nigam Limited, which has roots in British India. Sometime in the nineteenth century, the British built the groundwork for India's modern telecommunications infrastructure. Calcutta and Diamond Harbour were connected by the first telegraph wire in 1850, under British rule. In 1851, the British East

India Company began utilizing the telegraph, and by 1854, the whole nation had telegraph connections. The first such telegram was transmitted from Mumbai to Pune in 1854, just after the telegraph service was public. The British Imperial Legislative Council enacted the Indian Telegraph Act in 1885. The government owned telecommunications company BSNL was established in the 1980s when the Post and Telegraph department was split into a separate entity called the Department of Telecom.

BSNL's telegraph service was discontinued after 160 years of operation on July 15, 2013. In February 1858, it started providing telegram delivery to the public; by 2010, the service, which had been provided via 182 telegraph offices around India, had been updated to a web-based messaging system.

BSNL is a tech-focused business that offers a wide range of telecommunications options to its customers. These include landline and mobile phone service, as well as wireless local loop (WLL), broadband internet, leased lines, and long-distance calls. With a switching network built entirely on digital technology, the business has consistently ranked among the technological elite. All district headquarters, sub-divisional headquarters, Tehsil headquarters, and almost all block headquarters are connected to BSNL's nationwide telecommunications network.

As of April 2019, it possessed 31,611 fixed exchanges, 1,46,172 GSM BTSs, 95 Satellite Stations, 8,49,990 route kilometre (Rkm) of OFC, and 2,548 Rkm of microwave network in addition to its 29.63 million lines of basic telephone capacity, 1.39 million WLL capacity, and 114.62 million GSM capacity.

## II. LITERATURE REVIEW

The telecom sector is now one of India's most dynamic and rapidly expanding businesses. The telecoms industry in India is now the world's second biggest. The portable economy in India is expanding quickly and will make a major contribution to the country's GDP. Both local and foreign network operators might find substantial growth potential in India's telecommunications market. There is a lot of money to be made by Indian organization providers and their international counterparts in the Indian flexible industry. Free internet, free phone calls, and a 4G network are just a few of the ways in which Reliance Jio has shaken up the Indian telecom industry. While Reliance Jio has had no trouble adapting to its environment, other specialized businesses often struggle to do so. Using BSNL as a case study, this article will explain Jio's overall effect on India's telecom sector. The research included topics including Jio's marketing approach and how the company's entry into the market has influenced other telecom

companies like BSNL. The essay compares and contrasts the productivity of two telecom giants: Jio and BSNL. [1]

Indicative of possible difficulties in several facets of a company's operations, financial ratio analysis is often regarded as a formidable tool for illustrating the relative measurements of a firm's financial strengths and weaknesses. The purpose of this study is to use ratio analysis to compare and contrast the financial health of India's five largest telecom companies—Airtel, BSNL, Idea, Reliance Communications, and Tata Communications. Profitability, liquidity, solvency, and efficiency ratios are the most important financial variables used to predict the financial behavior of telecom firms. The ratios were calculated using information gleaned mostly from online annual reports of corporations published between 2009 and 2014. Data revenue growth and user base comparisons show that Airtel and Idea are well ahead of Reliance Communications, BSNL, and Tata Communications. [2]

The BSNL case study will analyze the company's financials in order to figure out what went wrong with its earnings and how the company can get back on track. The research is limited to the last two years of BSNL's (a public sector organisation) financial data. The current research employs sample table ratio analysis and trend analysis beginning with inception data collected in 2004 and 2005. Secondary sources, including BSNL's website and annual report, were scoured for the necessary information. The repayment of unsecured debt and the cancellation of tax obligations contributed to a 4% decline in the debt equity ratio. Since the share capital and the dividend per share have not changed, the dividend payout ratio has also remained unchanged. In both years, the ratio of capital employed was 9%, indicating that the company's assets were well managed to provide a return on investment. To facilitate its network expansion, the business has spent Rs. 17000 crores in fixed assets and is using a consistent methodology to ensure that these assets provide a positive return on investment. Our nation has also come to appreciate the value of this research because of the comparative Financial Statements it provides. This study is focused on BSNL's three pillars of financial performance—net profit, shareholder's wealth, and investment in fixed assets—because these metrics are crucial to the success of any public sector venture. [3]

Since the 1990s, the Indian telecom sector has seen rapid expansion and market liberalization, becoming one of the most competitive and rapidly expanding in the world. In only 10 years, the Industry grew from

having less than 37 million customers in 2001 to having more than 846 million subscribers in 2011. With around 929.37 million users as of May 2012, India has the world's second-largest mobile phone user base. As of June 2012, it has more than 137 million Internet users, making it the third-largest online population in the world. The purpose of the research is to examine the firms' financial health in connection to the expanding telecom industry. It is often held that a company's operational success is tied to the variables contained in its profit and loss account and balance sheet. These variables are seen to have some kind of direct or indirect relationship with each other. By creating a strong connection between the factors, a business may assess its liquidity, profitability, viability, and sustainability. Ratios are indicators often employed to gauge a company's monetary well-being and hence its success. The purpose of this research is to determine the major financial features of telecom businesses and the influence they have on the economy by using an empirical method to evaluate the financial health of enterprises in one of the fastest growing sectors in India. [4]

In the 24 years since its founding in 1986, the firm has seen several transformations. BSNL had held a near-complete market share. However, the corporation is now up against some formidable rivals, like Bharti-Airtel, Reliance Idea, Vodafone, Tata, etc. Over the previous four years, BSNL's profit has decreased three times and its revenue has dropped twice, while costs have risen steadily throughout. The telecom industry has emerged as one of the fastest-growing segments of the economy in recent years. In the same time frames, BSNL has not been able to increase its revenue. Expenditures have been rising steadily throughout the years, despite the fact that revenue has been steadily decreasing. This is the primary reason for the decline in earnings. The low performance of this year had a significant impact on BSNL's current assets in 2009-10. The company's current assets increased this year, but not by enough to cover its immediate obligations. [5]

India's telecommunications sector is a major economic driver. When it comes to the number of people that use their mobile phone services, Bharti Airtel Ltd. is far and by the most popular option in India. Only if the firm consistently generates a profit will the shareholders be rewarded with dividends and capital gains. Therefore, the study's authors attempted to evaluate Bharti Airtel Ltd. based on a number of profitability measures. Both the company's total revenue and net profit skyrocketed over the study period, the researchers found. However, the company's costs are increasing at a faster clip than its revenue is,

as seen by the disparity between the two growth rates. Operating efficiency of Bharti Airtel Ltd. was further shown by the fact that, across the research period, 10 years (out of 12), the company's operating profit ratio was higher than its net profit ratio. The corporation had a healthy return on investment until 2010-11, but it has since declined. During the time frame of the analysis, the company's EPS seems to have been low. [6]

### III. OBJECTIVES

To become the largest telecom Service Provider in Asia. To provide world class State-of-art technology telecom services to its customers on demand at competitive prices.

- To be a Lead Telecom Services Provider.
- To provide quality and reliable fixed telecom service.
- To provide mobile telephone service of high quality.
- To provide point of interconnection to other service provider.
- To facilitate R & D activity in the country.

### IV. CHALLENGES IMPACTING IN THE GROWTH OF BSNL

In the second part of the 2000s, BSNL's once-shining reputation as one of the top performing PSUs in the nation faded. Up until 2008-2009, it consistently turned a profit. Despite the explosive expansion of the telecommunications sector since then, BSNL has consistently posted losses. One possible explanation is the rise of formidable private competitors who provide superior service at cheaper prices than the state-owned monopoly. Three commercial companies (Airtel, Reliance, and Vodafone Idea) and the government-backed BSNL/MTNL are the only other participants in India's mobile communication sector.

According to recent statistics provided in the Lok Sabha, BSNL lost a total of Rs. 6,384 crores in 2010-2011. In the next year, 2011-12, the loss jumped to Rs. 8,851 crores before declining to Rs. 4,793 crores in 2016-17. The BSNL recorded a loss of Rs. 7,993

crores in 2017–18, which grew to Rs.14,904 crores in 2018–19 (an increase of 86%) and is projected to reach Rs.15,500 crores in 2019–20 (an increase of 94%).

The provisional loss for BSNL as of 30 September 2020 is Rs. 3,607 crores. The Voluntary Retirement Scheme (VRS) eliminated nearly half of BSNL's workforce and seventy-five percent of MTNL's, leading to a decrease in expenses of only Rs. 12,368 crores so far in 2020-21 compared to an average of Rs. 35,500 crores in previous years.

Similarly, MTNL has been losing money consistently as well. The loss in 2012–13 was the greatest recorded loss in this decade, at Rs. 5,321 crores, up from a loss of Rs. 2,802 crores in 2010–11. The only time MTNL showed a profit this decade was in 2013-14, when it recorded Rs. 7,825 crores. Since then, MTNL's annual loss reports have gradually worsened. MTNL lost Rs. 2,006 crores in 2015–16, and Rs. 3,398 crores in 2018–19. The company lost Rs. 1,220 crores in the fiscal year 2020-21 to September 30, 2020 (with expenses of Rs. 2,111 crores).

In a recent press statement, the government cited the Voluntary Retirement Scheme's drastic drop in BSNL's salary cost as one of the reasons for the company's improved performance or decreased losses in 2020–21. The government also claimed that BSNL kept its income stable while reducing its expenses.

## V. FINANCIAL ANALYSIS

Financial analysis is the process of evaluating businesses, projects, budgets, and other finance-related transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable, solvent, liquid, or profitable enough to warrant a monetary investment.

### Corporate Financial Analysis

In corporate finance, the analysis is conducted internally by the accounting department and shared with management in order to improve business decision making. This type of internal analysis may include ratios such as net present value (NPV) and internal rate of return (IRR) to find projects worth executing.

Many companies extend credit to their customers. As a result, the cash receipt from sales may be delayed for a period of time. For companies with large receivable balances, it is useful to track days sales outstanding (DSO), which helps the company identify the length of time it takes to turn a credit sale into cash. The average collection period is an important aspect of a company's overall cash conversion cycle.

A key area of corporate financial analysis involves extrapolating a company's past performance, such as net earnings or profit margin, into an estimate of the company's future performance. This type of historical trend analysis is beneficial to identify seasonal trends.

### Types of financial analysis

#### Horizontal Analysis

Horizontal analysis involves the side-by-side comparison of the financial results of an organization for a number of consecutive reporting periods. The intent is to discern any spikes or declines in the data that could be used as the basis for a more detailed examination of financial results.

#### Vertical Analysis

Vertical analysis is a proportional analysis of the various expenses on the income statement, measured as a percentage of net sales. The same analysis can be used for the balance sheet. These proportions should be consistent over time; if not, one can investigate further into the reasons for a percentage change.

#### Liquidity Analysis

Liquidity analysis is a detailed review of working capital, involving the calculation of turnover rates for accounts receivable, inventory, and accounts payable. Any differences from the long-term average turnover rate are worth investigating further, since working capital is a key user of cash. It can also be useful to see if any strategic or tactical changes in a business have had a specific impact on liquidity levels; this can be a particular concern when an organization does not have ready access to additional cash.



### Profitability Analysis

Profitability analysis is an analysis of the profits generated by a business. It can be broken down into profits by product, product line, geographic region, subsidiary, individual store, and so forth. For a smaller business with few products, a profitability analysis is probably only conducted for the business as a whole. The outcome of this analysis may be decisions to alter price points, adjust product configurations to alter costs, strip away overhead costs, and so forth.

The analysis throws the light on the following questions (Daniela et al., 2010):

- i. Is the profit earned by the firm adequate?
- ii. What rate of return does it represent?
- iii. What is the rate of profit for various segments of the firm?
- iv. What is the rate of return to equity holders?

### Valuation Analysis

A valuation analysis involves the use of several methods to derive a range of possible valuations for a business. Examples of these methods are discounted cash flows valuation, a comparison to the prices at which comparable companies have sold, a compilation of the valuations of the subsidiaries of a business, and a compilation of its individual asset values.

## VI. OUTCOMES

It was determined that BSNL Bhopal incurred a total loss throughout the 2016–2021 fiscal years. Despite the company's massive losses and debt, our analysis indicates that there is still a lot of room for improvement. Management was discovered to have a major effect on the company's productivity and success. BSNL's leadership is still quite influential inside the firm, thus they can help the telecom revitalize by providing it with 4G and 5G services and other necessities. BSNL may be able to stop losing subscribers and turn a profit if it rolls out its 4G and 5G services throughout the country. The corporation may recover its profitability and reputation with the help of a more actively engaged management.

When it comes to the ICT industry, BSNL is the only service provider that is actively working to close the gap between rural and urban areas. In fact, no other

telecom company in India can compete with its extensive network, which reaches every part of the country and allows it to provide its services nationwide. The company's leadership may leverage this success to win back consumers and return BSNL to its previous level of growth.

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