

TV RAMACHANDRAN

## BSNL'S RISE FROM THE ASHES: A TALE OF REVIVAL AND RESOLVE

By combining cost-effectiveness with reliable services, the public sector telco is redefining its role and relevance in India's evolving telecom landscape



**T**he Telecom Regulatory Authority of India has reported that BSNL added approximately 0.85 million subscribers in September 2024, while other major telecom players lost millions during the same period. This marks a notable milestone for BSNL, evoking a sense of déjà vu reminiscent of 2002 when BSNL entered the cellular mobile sector with a bold vision and a bang. Back then, it ventured into rural and remote areas—territories dismissed by market-savvy private operators as commercially unviable. Yet, BSNL's trailblazing efforts proved so successful that those initial sceptics were left to follow meekly in its footsteps.

BSNL's recent achievement, while commendable, is likely the result of multiple factors converging rather than a single cause. While the recent tariff hikes by private operators—essential to fund 5G rollouts—may have triggered the shift, they are far from the dominant reason.

Industry experts suggest that the overhyped expectations surrounding 5G laid the groundwork for subsequent customer dissatisfaction. Market dynamics were further skewed by a failure to account for the strong customer satisfaction associated with 4G since its game-changing debut in September 2016. When 5G struggled to deliver on its lofty promises, disappointment grew exponentially.

More than two years after its launch, experts are now acknowledging the business challenges associated with 5G. Many are scrambling to identify meaningful use cases to justify the investment and sustain its viability.

### CONSUMER BEHAVIOUR AMIDST TARIFF HIKES

Another significant factor driving BSNL's resurgence is the tightening of household budgets, especially in the wake of recent tariff increases. India's price-sensitive market includes a substantial number of households with multiple mobile broadband connections, even in suburban and rural areas. Many consumers are now trimming these

BSNL's revival challenges market duopoly fears, offering a blend of public-sector stability and private-sector efficiency in telecom services.



The surge in subscribers reflects a shift in consumer preferences, reaffirming the public sector's ability to challenge private telecom players.



## IN BRIEF

- BSNL added 0.85 million subscribers in September 2024, as major private players saw steep losses, marking a significant revival for the operator.
- Consumer disillusionment with unmet 5G expectations, despite strong 4G satisfaction, has contributed to BSNL's renewed appeal.
- Tariff hikes have driven price-sensitive users to cut multiple connections, often opting for BSNL's cost-effective plans as secondary options.
- Growth in fixed broadband connections, aided by 5G dissatisfaction, positions BSNL as a leader in fixed-line technology and service reliability.
- Strong leadership and innovative strategies, backed by government support, are pivotal in BSNL's resurgence as a formidable public telecom player.

"luxurious" extras. Notably, when choosing a secondary connection, BSNL often emerges as the preferred option due to its cost-effectiveness.

For instance, a relative in a Tier-2 metro city, who previously maintained four broadband connections in his two-storey residence, recently decided to cut back due to a 25–30% rise in monthly bills. Although he belongs to the upper-middle-class segment and can afford higher prices, he has chosen to keep only his fixed broadband connections, a segment experiencing steady growth in the telecom sector. This trend may also reflect a rebound from the disenchantment with 5G, creating opportunities for BSNL, long regarded as a leader in fixed-line technology.

## LEADERSHIP AND STRATEGIC FOCUS

Observers believe another crucial factor behind BSNL's resurgence lies in its leadership's renewed focus and motivation, alongside support from the Department of Telecommunications and the Ministry. Encouragement to innovate and think outside the box appears to be paying dividends.

The historic breakup of the all-powerful AT&T into several 'Baby Bells' is a classic chapter in the saga of global telecom. Equally loved by students of telecom reforms is the progressive privatisation of the giant British Telecom (BT). Interestingly, the latter journey culminated recently with Sunil Mittal's Bharti Global acquiring a 24.5% stake in BT. However, India appears to be scripting a different kind of telecom story.

For those concerned about the duopolistic nature of the Indian mobile market, BSNL's revival offers a glimmer of hope. With the government as the largest stakeholder in BSNL, MTNL, and Vodafone Idea, there is potential for a robust public sector operator capable of delivering affordable, customer-focused 4G services.

Combining public sector stability with private sector efficiency, this evolving scenario suggests that the BSNL phoenix may indeed be rising from the ashes. 🌸

*The author is the President of Broadband India Forum.*

*Views are personal.*

*feedbackvnd@cybermedia.co.in*