

Publication:	The Business Line	Page No:	9
Place:	New Delhi	Date:	6/6/2019

'Tackling BSNL's liquidity crunch should be a top priority for Govt'

The PSU has delayed salaries and payments to its vendors

OUR BUREAU

Mumbai, June 5

It's not only the delayed salary payments that's troubling Bharat Sanchar Nigam Ltd but also pending dues to vendors that is threatening to impact the growth of the public sector undertaking.

According to top sources, BSNL has delayed paying some of its vendors due to the liquidity crunch. "If BSNL is unable to pay its vendors for equipment or services how will it be able to place orders for future requirements. The new government should address this issue on

priority basis if it wants to avoid a huge crisis," said an industry executive aware of the situation. In an internal note sent by BSNL's Director of Finance to all circle heads, it has acknowledged the problem.

"The telecom sector being capital intensive, wherein even to remain in business or to ensure business sustainability, the service providers are required to invest in newer technologies. The cumulative effect of all these have resulted in liquidity crunch," said the note of May 16, 2019.

BSNL had recently delayed salary payments to employees for a month. In addition some of the vendors and service providers have written to it seeking release of pending payments.

Market watchers said that



BSNL is crucial to Government's objective of 100 per cent teledensity in rural areas and keep telecom services affordable

the Centre must take immediate steps to revive BSNL if it wants to achieve the objective of reaching 100 per cent teledensity in rural areas and keep telecom services affordable for the common man.

While private operators have taken over the market

with billions of dollars investment and cost-efficient operations, consumers need a public sector entity such as BSNL as a counter to a possible monopoly venture that may arise due to the ongoing financial stress in the sector.

To prevent any further de-

struction of value, the Centre must step in to do three things. First, divest all land parcels owned by the company and invest the proceeds in technology and equipment to make BSNL on a par with private players. Second, implement the proposals of the Sam Pitroda committee, especially those relating to cutting down staff costs, and finally, hive off various businesses into different verticals, said a telecom industry expert.

BSNL is however optimistic that it will turn around.

According to the internal note, "BSNL management is making all out efforts to ease the pressure on liquidity. It is expected that normalcy in liquidity position will be restored by the next quarter of the financial year."