

BSNL has turned a profit, but has not become profitable

Cost-cutting measures have led to profit in the recent quarter, but trouble on the income front persists

DATA POINT
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The Bharat Sanchar Nigam Ltd (BSNL) reported a quarterly net profit in FY25Q3, its first in over 17 years. While this is a significant moment for the beleaguered State-owned telecom company, there is still a long road to recovery.

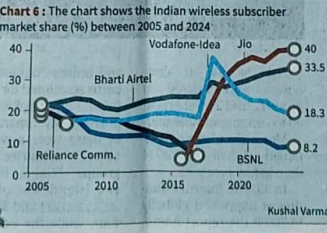
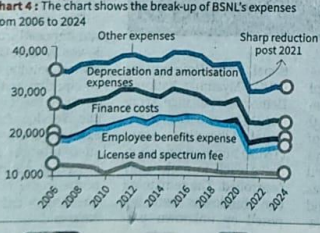
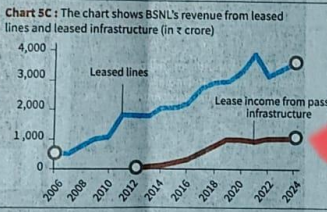
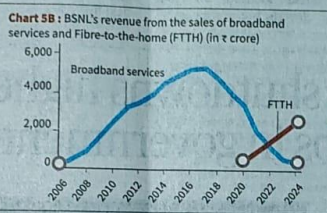
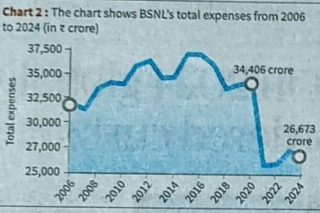
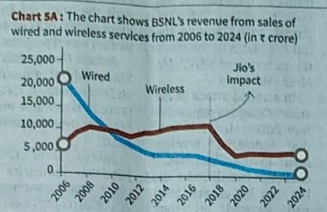
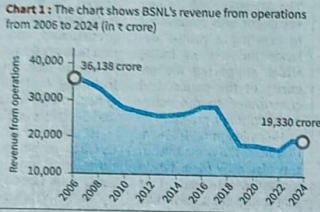
BSNL has achieved a profit through a combination of cost-cutting measures and a slight increase in revenue. It earned a revenue of ₹19,330 crore from operations in 2024, close to half of what it earned in 2006 (Chart 1).

The company's expenses fell drastically in 2021 (Chart 2), following a huge reduction in the employee count using early voluntary retirement schemes (Chart 3). From 2021, there was also a sharp reduction in finance costs, such as the interest paid on loans, and depreciation and amortisation expenses too (Chart 4).

While cost-cutting measures have helped, the issues on the income front persist. Understandably, BSNL's once-flourishing landline business has bottomed out. However, its cellular business too has flattened out since the introduction of Reliance's Jio in 2016, as the average revenue earned per user declined rapidly (Chart 5A). While its traditional broadband services have fizzled out, there is a slow but consistent uptick in its fibre-to-the-home internet business (Chart 5B). A considerable amount of money is also made from leased lines – high-speed network for businesses – and by leasing its infrastructure (Chart 5C). BSNL's market share in the wireless business – where private players make most of their money – continues to decline. From over 20% in 2005, it halved to 10% by 2022 and went below 10% in the last two years (Chart 6).

Not out of the woods

The data were sourced from BSNL's annual reports, Public Enterprise Survey Reports, and the Telecom Regulatory Authority of India



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