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Address: - Ashak Hussain Malik House No. 221 Gangoo, Pulwama, Jammu and Kashmir, India - 192301, Cell: 09086405302, 09906662570, Ph. No: 01933-212815,

Email: nairjc5@gmail.com, info@nairjc.com Website: www.nairjc.com



FINANCIAL OVERVIEW OF B.S.N.L.: SSA JAMSHEDPUR AT A GLANCE

SMT.KUMARI ABHA

Research Scholar, University Dept. of Commerce and Business Administration, L.N.M.U, Darbhanga

INTRODUCTION

B.S.N.L. is number one Telecom Company in India, which is presently going through the transition state. The world is changing and will always remain changing. Change is not new to us. So many times we have accepted the changes & challenge the technology changes, changes in nature & type of work. Now this change & challenge is for our bright & successful future.

Previously B.S.N.L. was the only one in telecom. Sector having large network & manpower with excellent team work. But now the scenario is changed. Other telecom companies are now available in market. So, Naturally there will be competition No doubt, good will is with B.S.N.L. but It should be preparing itself to compete with dedication by technology & quality of services with same spirit of excellent teamwork. It can utilize its large telecom network, manpower & technical skill to give much better services to customers and it will be a key solution for the present situation, as customer is a centre of the market. Now customer has choice So, Naturally customer will expect work facilities, immediate attention to his problems, better and reliable trouble free technology & courteous services at reasonable/minimum rates.

Full fledged implementation of online meter reading cash counters commercial counters, data updation will avoid excess/wrong/ unaddressed/delayed billing and will help in accurate & timely dispatch of bills, B.S.N.L. can give home delivery & collection of bills in case of CIP/VIP/ Heavy Callers & STD/ISD PCO's also if possible, we can implement prepaid schemes for basic & various telephone services to avoid outstanding Fortnightly checking/observation of meter reading at TRA & exchanges for abnormal cases or discrepancies. Recovery of outstanding bills by TRAI in coordination with concerned SDE, can be accelerated. If some previous long pending outstanding cases are of wrong/excess billing studying the cases are of TRI can put us the cases for finalization.

The tele-density in Jharkhand is rapidly increasing. Specially in Jamshedpur division it is touching I now and is expected to achieve 15 ahead of the target date. The main determinants of tele-density can be cited as income rental cost of the services and usage. Charge of the service. This is due to the fact that three factors greatly

effect the demand for the service. Also, there in 'entry cost' (registration charge, security deposits etc) which greatly effect demand for the service. The cost of handsets can also be called an entry cost as it is a deciding factor for subscribing a mobile phone.

The Demand for telecom services is increasing and tele-density. The telecom sector of Jamshedpur is one of the pillars of the infrastructure of Jharkhand telecom sector. Strong infrastructure is a pre-requisite for growth and development of any economy and the role of telecom in this regard cannot be understated. With Globalization, the demand for telecom services is large and growing. It is due to this factor and the developments in the technologies that the contention that the telecom industry is a natural monopoly is losing importance, despite the large investment required and the high sunk in costs. Demand for telecom services is one of the main factors that effects tele-density as the number of telephones (all kinds) in an economy will only increase if there is demand for it.

As the economy grows and per capital GDP also grows at the high rate, the demand for telecome service continue to grow and in this way following factors are very important.

A Successful Telecom Operator should not only offer quality services but also should bill for the services and realize the billed amount. A close watch should be kept on the defaulters and all out efforts should be made to recover the dues from them.

A sound financial management principle in this connection is: Realize the receivables as early as possible and make the payments just before the due date.

In the monopoly era telephone defaulters were less. Now since many Telecom operators are available, people are becoming defaulters with one operator and switching over to another. Although there is an agreement among all the Telecom Operators that they will not admit in their network defaulter of any other operator, practically it is not taking place and some unscrupulous customers are taking advantage of this situation.

1.1 TARGETS FOR REVENUE COLLECTION WITH RESPECT TO LANDLINES

Collection efficiency targets set by BSNL corporate office with respect to Landlines are given in

Table 1:

**TABLE 1
COLLECTION EFFICIENCY TARGETS**

S. No.	Month	Efficiency
1.	2 nd month	90%
2.	3 rd month	97%
3.	6 th month	99.5%

Targets fixed by corporate office for reduction of outstanding for the current financial year are given in Table 2:

**TABLE 2
TARGETS FOR REDUCTION
OF OUTSTANDINGS**

S. No.	Billing Period (BP)	Reference Date (RD)	Target for the segment=Net outstanding out of net ABF for BP on RDx100/ Net ABF for BP
1	Apr 05 to Sept 05	30.09.2015	<7.4%

2	Apr 05 to Dec 05	31.12.2005	<5%
3	Apr 05 to Mar 06	31.03.2006	<4%
4	Apr 02 to Mar 06	31.03.2006	<2%
5	Apr 06 to Mar 06	31.06.2006	<0.9%
6	>10 years old	31.03.2006	Nil

2. LINE OF ACTION

List of telephones disconnected (and not reconnected within 1 month of date of disconnection) where dues are more than Rs. TOW- should be prepared along with the dues payable by them by TRA wing and handed over to concerned section Telecom Mechanics (TMs). The section TM should give the customer the details of dues and request him to pay the dues and get re-connection. In case the customer is not interested in the re-connection, the telephone instrument should be collected from the customer, if it was supplied by BSNL.

Closure advice notes should be issued for all the telephones not restored within 3 months after date of disconnection. Executed advice notes must reach TRA within 15 days from the date of issue of advice note. TRA must ensure computation of final bill and make over the case to pursuit cell within 7 days from the date of receipt of executed closure advice note by them.

New Telephone Connection/Cell Connection should not be given to land line/Cell defaulter under any circumstance. A new telephone connection may be refused to any relative or an associate living in or

working from the same premises as that of a defaulting telephone subscriber. The term premises refer to same house/office including its annexe. The term relative includes husband, wife, parents, brother, sister, son or daughter (including step-son or step-daughter), in-laws, son or daughter of a predeceased son, daughter-in-law, son-in-law, brother's wife, sister's husband, etc. The term "associate" includes partners, directors, proprietors of a company, firm, society, association, etc. A legally separated husband or wife on separate premises should not be denied the new connection for default of the former spouse. Field persons while verifying the bonafideness of the request for new phone connection has to check this aspect. The decision to refuse a new telephone connection to the relative/associate who has a nexus with the defaulting subscriber should be taken by an officer not below the level of head of SSA. Shifting of a telephone to a defaulter's premises can be rejected if the defaulter is having blood relation with the person who is asking for a shift. However, in those cases where the person who is asking for a shift and the defaulter is not having any blood relation, shift should not be denied.

- ***Defaulter's Register***

Defaulters register should be maintained by Sub Divisional Engineer in-charge of the external section. One page is to be allotted for each case. The important data i.e. Indicator Number, Name of the Subscriber, Address as per the latest 013, Date of disconnection, Bills pending, Defaulted amount after final settlement, should be entered in that page. Efforts made by the field staff should be entered chronologically. This data will be useful to convince the HPC/LBM that all possible efforts have been made to recover the **dues** particular case and it is a fit case for write **at** the whereabouts of the defaulter could not **Is** traced, report has to be obtained from Pala Authorities for presenting to HPC /LBM.

If the defaulter is available, the details *al* dues should be given to him along with the final settlement copy and he should be asked to **make** the payment. If the subscriber accepts to pa% 1 Demand Note should be given to him, and payment should be received and the payment particulars should be given to Outstanding Pursuit Cell (OPC) to close the case.

If the subscriber denies to pay, an enquiry should be made to know his property particulars, working telephone he or his blood relation like his father/mother, brother, son, having in the same premises, any other useful information for settlement of the case and to issue legal notice if necessary.

If the subscriber is not residing at the last known address, his present residential address **or** present working station, his job particulars, any other working telephone he is having, or any other contact number at other end to get him over telephone should be obtained. Indicator file may be consulted to get clues about his

present address. If the defaulter is having BSNL Phone at the new place letter can be addressed to the **GM** of that SSA giving the details.

- ***Categorization of Defaulter Cases***

For effective realization of dues, the defaulter cases can be categorized into following four groups.

- i. **Group A:** Recent cases, cases where probability of recovery is more and amount is high.
- ii. **Group B:** Cases where probability of recovery is low but the amount is high.
- iii. **Group C:** Cases where probability of recovery is high but amount is low.
- iv. **Group D:** Cases where probability of recovery is low and the amount is also low very old cases.

For deciding the amount low/high in HPC cases, those where the amount is more than Rs. 10,000/- can be taken as high and the remaining cases as low. In LBM cases those where amount is more than Rs. 3,000/- can be taken as high. Efforts and time can be apportioned for the recovery of dues for various categories of cases as follows:

- 50% for Group A cases
- 35% for Group B cases
- 10% for Group C cases
- 5% for Group D cases

Recovery of defaulter cases is a team effort. For the cases where default amount is more than Rs. 4,000/-, D.E. should accompany the field staff for pursuance of the case and for the cases where defaulter amount is more than Rs. 1,000/-, S.D.E. should accompany the field staff. For all the cases, concerned JTO along with his TTA & TM should pursue.

The particulars of *the* defaulter cases Sub Division/JTO may be forwarded 15 days in advance of proposed date of conducting the LBM/HPC meetings by the OPC. Vigorous efforts must be made by the field staff for realization of outstanding dues. Such pursuit will also enable them to furnish specific report regarding the defaulter during the course of LBM/HPC meetings.

In respect of Voluntary Closure (VC) cases, whenever the subscriber approaches the commercial officers/concerned field officers, the officers should ensure that the instrument is surrendered and the current bill on hand is paid by such subscribers. They can also issue the demand note for the approximate amount payable from the last billing period to the date of submission of letter for VC and request the subscriber for payment of the same by referring to the DOTSOFT for pending

bills, deposit at credit etc. and contacting the concerned Accounts Officers (TR) and OPC. If approximate bill amount is not ready, he may be requested to furnish present address (in case of transfer, his address at new place) to take further necessary action by OPC in case of defaulting payments/ refunds. The present address should be updated in DOTSOFT.

If Telephone is working at any blood relative of the defaulter i.e., father/mother/son/wife, etc. at the same premises of the defaulter and if it is being misused by the defaulter, necessary action has to be taken for disconnection of the telephone after giving notice.

If police personnel is a defaulter his P.C.No. should be obtained for writing to higher ups. If an employee is a defaulter particulars of his boss should be obtained and a letter can be addressed requesting him to pursue his employee to pay the dues.

Some defaulters may be paying the dues in installments and may be promising to pay the dues after one week or fortnight etc. In that case we have to take in writing from him so as to bind him (It is a good idea to keep a standard letter with us and obtain the signature of the defaulter). Such cases should be noted by the field staff in their diaries and defaulters approached on such days of promise for payment of such installments. Particulars of payment during a month in respect of defaulter cases for each section may be furnished to OPC section for updating the defaulter's outstanding.

If the defaulter wants re-connection of telephone, depending on merits of the case it can be given with only incoming facility provided he pays at least 50% of the dues and promises to pay (in writing) the balance in monthly installments. The installment payments should be watched and if he fails to pay in installments he should be reminded on phone and still if he does not pay, the incoming facility should be withdrawn.

Combined field visits of the defaulters should be conducted with OP cell officers and field officers.

If STD PT operator becomes defaulter and if he does not pay the dues in spite of our persuasion, FIR can be lodged with police as he has failed to pay the telephone charges which *were* already collected by him as franchisee of BSNL.

The Rent Waival Schemes often announced by BSNL should be made full use of as it will help not only to get re-connections but also dues. .

Cases should not be written off unless and until all the doors are closed for the realization of dues. There is no bar in pursuing the write-off cases also (The defaulter may be financially very bad at the time of write-off and later his financial position might have improved and in such cases, we may pursue for payment).

If the customer has taken Cell One connection without paying and deposit as he is having landline connection, we have to ensure that if that customer takes VC of landline connection, he pays the necessary deposit for the cell connection. If the landline becomes NPD (Non-Payment for Disconnection) and if BSNL has to pay him, the same should be adjusted against the deposit of his cell connection and balance only should be paid.

- ***LBM/HPC Meetings***

LBM/HPC meetings should be conducted as per the prescribed periodicity (LBM once in 2 months, HPC once in a quarter). For LBMs, C will be the chairman and DE of the Exchange and AO (TR) of the Exchange will be the members. For HPC, GM will be the chairman, IFA, AO(TR) of the exchange will be the members. A representation from the Circle/SSAs Vigilance Branch should also be associated in the Liquidation Boards in so far as write off cases are concerned so as to facilitate speedy disposal of such cases with due regard to any vigilance concerns. In West Godavari SSA, Press Releases are issued regarding the meetings of HPCs for facilitating the defaulters to meet the HPC and settle the cases. HPC/LBM meetings are conducted at the Divisional Head Quarters. In this meeting, apart from landline dues cell dues also should be reviewed. As carrying irrecoverable dues on our books serves no purpose, they have to be written off by the competent authorities after following the prescribed procedures. Powers to write off irrecoverable revenue are as given in **Table 3**.

A register for write off cases is to be maintained. All write off subscribers are to be black listed and phone connection (Cell or Landline) should not be provided to them in future without the realisation of written off amount.

- ***Application of Law of Limitation***

As per applicability of law of limitation if we are not able to recover the dues within 3 years from the date of the bill, the dues will be time barred. Hence in fit cases civil suit has to be filed to recover the dues or at least we have to ensure that part of the bill is paid by the customer and the customer gives a letter so that new count down for the law of limitation starts from the date on which the customer pays the part of the bill.

Head of Circle has been authorized to dispense reports from police/revenue authorities about the whereabouts/financial position of the defaulting subscribers for cases involving

TABLE 3
FINANCIAL POWERS TO WRITE OFF

S. No.	Power Delegated to	Financial Powers
i.	Circle Telecom Board	Rs. 5,00,000/- in each case
ii.	CGM	Rs. 2,00,000/- in each case
iii.	PGM/GM (Head of SSA)	Rs. 2,00,000/- in each case
iv.	PGM/GM (Head of Area in Metro District)	Rs. 1,00,000/- in each case
v.	DGM (TR) in SSA	Rs. 20,000/- in each case
vi.	TDM in SSA	Rs. 20,000/- in each case
vii.	TDE in SSA	Rs. 10,000/- in each case
viii.	CAO (TR) in the SSA	Rs. 10,000/- in each case
ix.	AO (TR) in the SSA	i. Rs. 2,000/- in each case ii. Rs. 250/- petty irrecoverable dues in each case of working connection.

Individual outstanding amount upto Rs. 50,000/- Power of CGM to write off dues of more than 10 years old are as given in Table 4.

For the recovery of outstanding dues, the services of Police/Revenue and other departments of the State government can be utilized, and if needed, a commission of up to 1.5% of the recovered amount per case may be paid to the concerned Department. Private

TABLE 4
POWER OF CGM TO WRITE OFF DUES OF MORE THAN 10 YEARS

Sl. No.	Details	Powers
i.	Where payment has not been forthcoming despite all efforts and the party has disputed bill (s) and wants details of claim but details cannot be given for relevant records (for example- Trunk Call Tickets)	Upto Rs. 20,000/- per telephone connection.
ii.	Where the party claims to have made the payment but does not have receipt (s) at this distant date, provided that the subscriber was not informed of the alleged non-payment either through written notice or through exhibition in subsequent bills.	Upto Rs. 20,000/- per telephone connection.
iii.	Where all possible efforts made to realize the dues have proved futile and further pursuance is considered uneconomical and hence not worthwhile.	Upto Rs. 2,500/- per telephone connection.

Recovery Agent on Commission basis can be appointed for the recovery to outstanding TR dues. In Jamshedpur. Provision of the Jamshedpur Revenue Recovery Act is applicable to the recovery of amount due from any person to BSNL. This has helped BSNL, Jamshedpur Circle to avail the service of revenue officials for the recovery of BSNL dues.

If any cell/landline defaulter is contesting or Municipal/ Legislative Assembly/Legislative/ Parliament elections the Returning Officer should be informed of the fact.

3.0 Conclusion

Recovering dues from the defaulter is an art. Lot of perseverance is required for this and it is not everybody's cup of tea. Filing a civil suit should be the last resort to recover the dues as fighting a legal battle to get decree in favour and then Execution Petition (EP), getting the property attached/getting the defaulter arrested is a long drawn process and involves expenditure towards lawyers fee, court fee etc. If it is inevitable, before approaching court we should ensure that bills issued to customers and details of calls made by him are available with us for presenting in the court, if the defaulter challenges our claim. Details of the financial position has to be collected from the Revenue Authorities. After obtaining the decree in favour, lawyer notice should be given to him to pay the decreed amount. If he fails, EP should be filed giving the property particulars. If the defaulter is an employee approaching court may be advisable as his salary can be attached by the court towards the dues payable to BSNL.

NEED TO ACCOUNTING RATIO:-

Accounting ratio are most important technique, which tell upon the financial position of any concern. It is the most powerful tool of the financial analysis. It indicate the operating efficiency and the various aspects of the firm's financial position. With the help of Accounting ratios, one can determine the ability of the firm to meet its current obligations; the extent to which the firm has used its long-term solvency by borrowing funds, the efficiency with which the firm is utilizing its various assets in generating sales revenue and the over all operating efficiency and performance of the concern. The need of Accounting ratio is tool which determine the firm's financial strengths. and weakness, Thus, in the study we have taken help the Accounting ratios to know the comes of financial weakness of the B.S.N.L. Jamshedpur division.

The working results of any concern can be known through the financial performance. The term financial performance is relate to financial strength of the organization. The term financial strength refers to the ability of a business to repay principal amount and interest there on as and when it becomes due. If the business is in a position to repay the stipulated amount, it will be said that the business is in good or sound financial strength otherwise it will be in a bad or unsound financial strength.

Therefore, focus has to be on measuring the relative strength of the Accounting ratios of the company of all financial indicators accounting ratios undoubtedly the most sensitive indicators to changes in operating health of the company. Financial health of the business a Ltd company depends the availability of funds. Accounting

ratios may explain the growth of current operation and long term capital. Thus to study the financial performance of B.S.N.L. the technique of common size B/S, P/L/ A/c and Accounting ratios have been applied in the present study which are most reliable for measuring survival strength of the company.

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