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LAHORE: Following the reduction in the number of telecom sales channels, telecom operators should increase prices of subscriber identification module (SIM) in order to survive and prevent further loss of jobs, observed stock analysts. Over the last few years, the telecom industry has paid Rs250 activation tax per SIM themselves instead of passing them on to subscribers. With the decline in the sale of SIMs, this burden has to be shifted to end users to help cellular operators to improve their revenues, they said. They said since all cellular operators are non-listed companies in Pakistan, their annual audited accounts are not available for public, adding, however, under the given circumstances the change in the SIM sales business is the need of the hour for the survival of the telecom industry, which brought in highest foreign direct investment during the last one decade.

The telecom is the only industry among all industries, which keep on reducing prices on its services despite the increase in inflation and constant devaluation of rupees during the last couple of years, said Mirza Irfan, research analyst at Capital Vision Securities Pvt. Ltd., adding, besides, power outages push up their operating costs as their Base Transceiver Stations (BTS) have to run on electricity generators. He further said they have ensured consumer convenience, and now have to focus on profitability in order to prevent joblessness, which might take place because of dull interest of investors in the industry.

Sarim Barlas, technical analyst at Munir Khanani Securities (Pvt.) Limited, said that even though inflation was going up, the telecom industry kept on lowering prices to ensure empowerment to consumers. Its focus has been to ease mobility and connectivity for every Pakistani no matter wherever they are, he added. He further said low rates, owing to stiff competition in the industry, allowed every mobile user to stay in constant touch. Other industries increased prices to maintain profitability, he added.

An official of a leading mobile company said recent closure of one of its major sales channels resulted in layoffs of hundreds of workers. Declining profitability would compel them to keep slashing cost of operations through retrenchment, he added. He further said a number of other businesses including business partners of telecom operators will also be affected. The government needs to revisit its telecom policy, he said, adding otherwise, we will witness a new wave of slump for all that are affiliated with the industry.

Courtesy: The Nation