

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

UNSTARRED QUESTION NO:3176  
ANSWERED ON:12.03.2003  
LOSS INCURRED BY BSNL  
P. RAJENDRAN

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

- (a) the loss incurred by BSNL for providing telephones in villages/remote areas since its Corporatisation in October, 2000;
- (b) whether this amount has been recouped to the BSNL by the Government; and
- (c) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI S MAHAJAN)

(a) The estimate of loss incurred by Bharat Sanchar Nigam Limited for providing Telephones in villages/remote area since its Corporatisation in October, 2000 is furnished below:

(1) Estimated loss for the period of 18 months w.e.f. 1.10.2000 to 31.3.2002      Rs.6000 crores#

(i) 1.10.2000 to 31.3.2001 (6 months) and

(ii) 2001-02 (12 months)

(2) Estimated loss for the period 1.4.2002 till 31.12.2002 (9 months)      Rs.3000 crores#

Total estimated loss w.e.f. 1.10.2000 to 31.12.2002      Rs.9000 crores

# Based on annual estimated loss of Rs.4000 crores for providing telephones in villages/remote areas.

(b) & (c) The Government has provided reimbursement of Licence fee of Rs.2300 crore in 2001-02. Further, an amount of Rs.2300 crores has been provided in the budget of Department of Telecommunications for reimbursement for the year 2002-03. Government has also agreed to exempt Bharat Sanchar Nigam Limited from payment of some of the additional expenditures arising out of conversion of Department of Telecom Operations/Department of Telecom Services into a Corporation, as follows:

(i) Payment of dividend on preference equity of Rs.7,500 crores up to 31.3.2004 and on equity share capital of Rs.5000 crores up to 31.3.2002. the dividend on equity for 2002-03 and 2003-04 shall be waived by 50% and 25% respectively.

(ii) Licence fee and spectrum charges shall be set off against reimbursement up to 31.3.2003 of losses incurred on account of rural telephony operations and other socially desirable projects, as decided by the Government.

(iii) There will be a moratorium on repayment of principal and interest up to 31.3.2004 on Government loan of Rs.7500 crores which has been determined to be part of capital structure of Bharat Sanchar Nigam Limited.

(iv) Government has granted to Bharat Sanchar Nigam Limited an amount of Rs.720 crores as an interest free loan in perpetuity (i.e. no repayment of principle) for implementation of Village Public Telephones during 2001-02.