

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

UNSTARRED QUESTION NO:6027

ANSWERED ON:03.05.2010

DECLINE IN DIVIDEND OF BSNL

Hegde Shri Anant Kumar;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the annual dividend of the Bharat Sanchar Nigam Limited (BSNL) is on the decline;
- (b) if so, the details of annual dividend of the BSNL during each of the last three years and the reasons for decline;
- (c) whether the Government has taken any corrective steps in this regard; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT)

(a) No, Madam. Decline is noticed only in 2008-09.

(b) Year Dividend paid by BSNL

2005-06 Rs. 1175 cr.

2006-07 Rs. 1175 cr.

2007-08 Rs. 1500 cr.

2008-09 Nil

The reasons for the decline as stated by BSNL are as under:

- (i) Operating in most competitive scenario in which tariff is declining sharply day-by-day having adverse impact on income of the company
- (ii) Serious challenges from other telecom operators
- (iii) Merger of 50% IDA with basic pay having impact on profitability of BSNL
- (iv) Downward trend of profits
- (v) Funds required for expansion programme of BSNL.

(c) Yes, Madam.

(d) The Government had constituted a high level committee under Shri Sam Pitroda for reviewing the performance of BSNL and suggest measures for improving overall performance of the company. The Committee has submitted its report to the Government.

BSNL has also taken various steps to protect and increase its revenue and thereby profits by increasing number of connections in broadband, mobile telephony, exploring new businesses and introducing value added services etc. BSNL has undertaken an exercise with the help of M/s Boston Consulting Group (BCG), a management consulting firm. The focus of this transformational exercise

named Project Shikhar, has been towards:

- (i) Revitalizing the business by focusing on growth in Mobile, Broadband and Enterprise segments. A separate vertical for New Business has also been created.
- (ii) Building capabilities for significant improvements in sales and distribution, product management, pricing customer service and revenue assurance activities.

As part of this exercise, BSNL's organization structure has also been redesigned along different business verticals to provide end-to-end focus on key growth segments and to clearly define accountability for different businesses and functions at all levels of the organization.