

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

STARRED QUESTION NO:432

ANSWERED ON:03.08.2009

REVIVAL OF ITI

Ramasubbu Shri S., Satpathy Shri Tathagata

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

- (a) whether the public sector telecom company Indian Telephone Industries Limited (ITI) is incurring sizeable losses;
- (b) if so, the details thereof during the last three years and the current financial year alongwith the reasons therefor;
- (c) whether the Government has drawn up any plan to revive the said telecom company; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a) to (d). A statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 432 FOR 3RD AUGUST, 2009 REGARDING REVIVAL OF ITI.

(a) & (b) Yes, Sir. The details of the losses suffered by M/s ITI Ltd. during the last three years and the current financial year is given below:

Year Losses (Rs. In crores)

2006-07 405.00

2007-2008 356.00

2008-09 662.00

2009-10 108.00

Provisional upto June, 2009. ITI has been incurring losses for many years, as the telecommunication manufacturing sector is a highly competitive, research oriented market with rapidly changing technology leading to short product life and high obsolescence rate. Due to the advent of New Technology and stiff competition in the Telecom scenario, the prices have crashed and margins are very low. The margins that are available are not sufficient to meet the operational expenses of the company.

(c) & (d) Yes, Sir. To enable ITI to compete in the highly competitive environment, the Government has decided to take the following measures:-

(i) To set up three Joint Ventures/Special Purpose Vehicles by inducting strategic partner(s) for manufacturing new products such as Wi-Max, IP core Network and Gigabit/Gigabit Ethernet Passive Optical Network (GPON/GEAPON) at Rae Bareli, Naini and Bangalore. The Government will also provide additional proportionate equity in the Joint Ventures/Special Purpose Vehicles apart from making some of the existing infrastructure with ITI at Rae Bareli, Naini and Bangalore available for immediate carrying out of such activities i.e. land, building and manpower selected by the strategic partners(s).

(ii) To discharge the liabilities of ITI to the tune of Rs. 2820 crores, to clean up the ITI balance sheet.

(iii) In principle decision to provide support of Rs. 180 crore to ITI for working capital margin.