

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

UNSTARRED QUESTION NO:399

ANSWERED ON:23.11.2011

INCOME OF TELECOM PSUS

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

- (a) the details of income and expenditure of Mahanagar Telephone Nigam Limited (MTNL) and Bharat Sanchar Nigam Limited (BSNL) during the last three years and the current year, year-wise;
- (b) whether both the companies had incurred losses during the period and BSNL had incurred huge losses during the financial year 2010-11;
- (c) if so, the details thereof and the reasons for the losses, company-wise and year-wise;
- (d) whether the Government proposes to retrench some employees of these companies to reduce expenditure;and
- (e) if so, the details thereof and the measures taken by the Government to improve the financial health of these companies?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

(a)to(c) The financial status of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) for the last three years and the current year is as follows:

BSNL MTNL

| 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 |
|----------------|------|------|------|----------------|------|------|------|
| -09 | -10 | -11 | -12 | -09 | -10 | -11 | -12 |
| (upto 30.9.11) | | | | (upto 30.9.11) | | | |

| | | | | | | | | |
|----------|--------|--------|--------|-----|-------|-------|-------|-------|
| Income | 35,812 | 32,045 | 29,688 | 898 | 5,250 | 5,058 | 3,992 | 1,467 |
| (Crores) | | | | | | | | |

| | | | | | | | | |
|--------------|--------|--------|--------|-------|-------|-------|-------|--------|
| Expendit ure | 34,354 | 34,078 | 36,002 | 1,179 | 4,986 | 8,477 | 6,767 | 19,156 |
| (Crores) | | | | | | | | |

| | | | | | | | | |
|------------|-----|----------|----------|--------|-----|----------|----------|----------|
| Net Profit | 575 | (-)1,823 | (-)6,384 | (-)864 | 211 | (-)2,611 | (-)2,802 | (-)4,477 |
| (Crores) | | | | | | | | |

The loss in BSNL and MTNL is due to decrease in revenue & increase in expenditure. The reasons for the decrease in revenue are as follows:

Fixed to mobile substitution.

Stiff competition in mobile sector.

Decrease in Average Revenue Per User (ARPU) in mobile sector.

The reason for the increase in expenditure is mainly due to huge legacy work force whose wages is around 50% of the revenue.

(d) & (e) No, Madam. Moreover, Department of Telecommunications (DoT) regularly reviews the performance of BSNL and MTNL to improve the financial health of these companies. Some of steps taken by BSNL / MTNL to improve their financial health are as follows:

BSNL

Optimizing CAPEX and OPEX through convergence and consolidation of infrastructure.

Fortification of stable revenue streams through concerted focus on broadband and enterprise business with major focus on Government projects.

Focussing on the revenue from top 100 Cities for monitoring purpose.Sustained operational focus on customer care, service delivery, service assurance, revenue management and asset management.

Aggressive push on Data usage and value added services.

Clear cut segregation of commercial activities from social obligation to ensure sustainable growth.

Progressive migration of current network to Next generation network thereby ensuring convergence, consolidation and seamless delivery of various services to end customers across different technologies.

MTNL

Optimizing CAPEX and OPEX through convergence and consolidation of infrastructure.

Sustained operational focus on customer care, service delivery, service assurance, revenue management and asset management.

Progressive migration of current network to Next generation network thereby ensuring convergence, consolidation and seamless delivery of various services to end customers across different technologies.