

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

UNSTARRED QUESTION NO:4107

ANSWERED ON:17.12.2014

DEBT MANAGEMENT OF BSNL AND MTNL

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

(a) whether the Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) have sought soft loans from the Government;

(b) if so, the details thereof and the reaction of the Government thereto;

(c) whether MTNL has raised about Rs. 1500 crore by selling bonds to institutional investors and proposes to raise more funds through this medium; and

(d) if so, the details thereof and the current status of debt management by BSNL and MTNL?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD)

(a) & (b) Yes, Madam. MTNL submitted a proposal seeking support for capital expenditure (CAPEX) of Rs.2000 crore for network expansion and upgradation. MTNL has been advised to first prepare a comprehensive revival plan with the approval of its Board of Directors so that investment plan support can be linked to revival process.

(c) & (d) Government has approved on 09.01.2014 provision of financial support for an amount of Rs.6724.51 crores to Bharat Sanchar Nigam Limited (BSNL) and Rs.4533.97 crores to Mahanagar Telephone Nigam Limited (MTNL) against surrender of Broadband Wireless Access (BWA) spectrum. Financial support to MTNL is being provided in the form of loan through sovereign guarantee of Rs. 4533.97 crore [Rs.765 crore in FY 2013-14 & Rs. 3768.97 crore in FY 2014-15] with the liability of payment of principal and interest thereon resting with the Government. MTNL has raised Rs.765 crores on 26.03.2014, Rs.1500.07 crores on 19.11.2014 and Rs 2268.90 crores on 28.11.2014 totalling Rs.4533.97 crores by selling bonds to investors with 10 years maturity period. The repayment of principal and interest for these loans would be made by Government.

The debt position in the form of borrowings as on 30.11.2014 is Rs.5,049.18 crores for BSNL and Rs.16,072.12 crores for MTNL.

BSNL and MTNL are taking several steps to enhance revenues through investments to strengthen its network and focus on customer care and service delivery to improve quality of service.

The investment projects being undertaken by BSNL include:

Augmentation of its mobile network as part of its Phase-VII Project to create additional capacity of 15 million lines at an estimated cost of Rs. 4804.77 crores. This will result in addition of 14421 2G sites and 10605 3G sites across the country.

Replacement of the entire network of wireline local exchanges by Internet Protocol (IP) enabled exchanges and deployment of Next Generation Network (NGN) equipment based on the latest architecture gradually to replace entire legacy telephone exchanges at an estimated cost of Rs. 600 crores.

Migration of entire C-DOT (Centre for Development of Telematics) legacy telephone exchanges with technology solutions being developed by C-DOT at an estimated cost of Rs. 350 crores for which MoU (Memorandum of Understanding) has been signed between C-DOT and BSNL.

Government has assigned the work of providing mobile connectivity in 2199 identified locations in Left Wing Extremism (LWE) affected areas through BSNL at an estimated cost of Rs. 3567.58 crores.

Government has assigned the work of providing mobile connectivity to uncovered villages in Arunachal Pradesh and two districts of Assam to BSNL on nomination basis at an estimated cost of Rs. 1975.38 crores.

The new projects of MTNL are:

Augmentation of mobile network to enhance coverage and capacity by adding 1080 3G sites and 800 2G sites in Delhi and 1080 3G sites and 566 2G sites in Mumbai. The packet core capacity (Data handling capacity of network) will be upgraded to 10 Gbps in

Delhi and Mumbai.

Augmentation of Microwave (M/W) backhaul network to support the enhanced speed.

Migration of legacy telephone exchanges network to internet protocol (IP) New Generation Network (NGN) exchanges in collaboration with C-DOT.