

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

UNSTARRED QUESTION NO:1675

ANSWERED ON:03.12.2014

LOSSES OF ITI

Mahajan Smt. Poonam ;Maurya Shri Keshav Prasad

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

- (a) whether Indian Telephone Industries (ITI) Limited, a public sector undertaking has been incurring losses during the last three years;
- (b) if so, the details thereof and the reasons therefor, year-wise;
- (c) the action plan drawn by the Government to ensure profitability of ITI Limited;
- (d) whether the Government also proposes to disinvest the unit; and
- (e) if so, the details thereof and the reaction of the various stakeholders thereon?

**Answer**

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

(a) Yes Madam.

(b) The details of losses incurred by ITI during the last three years are as follows:

Year	Loss (Rs. Cr)
2011-12	370.00
2012-13	182.00
2013-14	344.00

The reasons for these losses are as follows:

# Absence of in-house technology in ITI.

# Withdrawal of R&D expenditure reimbursement facility from 1990 leading to shortage of funds for R&D projects.

# Reduction in orders from major customers, namely, BSNL and MTNL.

# The skill sets of the existing manpower are not in tune with rapidly changing technology.

# Acute shortage of working capital in ITI Limited.

(c) Government has approved a financial package of Rs. 4,156.79 Crore towards Revival of ITI Limited on 12th February 2014. It comprises of capital grant of Rs. 2,264 Crore which is to be given in the form of equity for project implementation (CAPEX) for upgrading the manufacturing infrastructure at its various units and for new projects. The balance amount of Rs. 1892.79 Crore is to be given as financial assistance in the form of grant-in-aid for statutory liabilities and other commitments made by ITI. As a first step, the Government has allotted Rs. 460 Crore to ITI in the form of equity infusion in the General Budget presented in July, 2014 for capital expenditure for upgrading the infrastructure of the Company.

(d) No Madam.

(e) Not applicable in view of (d) above.