

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

UNSTARRED QUESTION NO:583  
ANSWERED ON:14.07.2014  
REVAMPING OF MTNL BSNL  
Patil Shri Shivaji Adhalrao

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

- (a) whether the Government has taken note of the heavy losses being incurred by the Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) despite having huge infrastructures across the country;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective measures taken by the Government to revamp these loss-making Public Sector Units into profit-making entities?

**Answer**

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

(a) & (b) Yes, Madam, Government is aware that Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) are incurring losses.

The details of profit and loss on the book of BSNL and MTNL for the last five years are given below.

Rs in crores					
Financial Year	2009-10	2010-11	2011-12	2012-13	2013-14
Profit/ (Loss) of MTNL	(-)2610.97	(-)2801.92	(-)4109.78	(-)5321.12	7825.13
Profit/ (Loss) of BSNL	(-)1,823	(-)6,384	(-)8,851	(-)7,884	(-)7085

The main reasons for losses being incurred by BSNL and MTNL are as follows.

- (i) Declining landline subscriber base with shift to mobile communications.
- (ii) Stiff competition in mobile sector.
- (iii) Inability to invest in infrastructure expansion for coverage and improved quality of service.
- (iv) Employee expenses far in excess of industry norms.
- (v) Inability to transition from technology centric to customer-centric business.
- (c) Government has taken several measures to revive the two CPSUs. These measures include:
- (i) Treatment of pensionary liabilities of Government employees absorbed in MTNL and who opted for combined service pension on parity with similar employees in BSNL.
- (ii) Waiver of Government loan to BSNL involving an amount of Rs. 1411 crores
- (iii) Financial support of Rs.6724.51 Crores to BSNL and Rs.4533.97 crores to MTNL on surrender of Broadband Wireless Access (BWA) spectrum.

Besides these measures Government is formulating a coordinated plan aimed towards revival of BSNL and MTNL by addressing issues of high employee expenses and gainful utilization of assets to enhance availability of finances for network expansion and improvement in Quality of Service (QoS).

BSNL and MTNL are separately preparing a revival plan for increasing revenue potential, identifying business opportunities, organizational restructuring to enable them to grow into customer-centric companies with expertise in marketing and customer services delivery and developing human resources strategy in line with restructured organizational vision.