

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY
RAJYA SABHA

UNSTARRED QUESTION NO-515

ANSWERED ON-01.03.2013

Losses of MTNL and BSNL

515 . SHRI ARVIND KUMAR SINGH

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KUSUM RAI

PRABHAT JHA

- (a) the details of revenue and expenditure of MTNL and BSNL during 2012-13, so far;
- (b) whether MTNL and BSNL have recorded losses during 2009-10, 2010-11 and 2011-12;
- (c) if so, the details thereof;
- (d) the reasons for losses to MTNL and BSNL since 2009;
- (e) whether Government would inquire into the losses of MTNL and BSNL and fix responsibility in this regard;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (Dr. (SMT.) KILLI KRUPARANI)

(a) The details of revenue and expenditure of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) during 2012-13, as on 31.12. 2012 are as follows:

(Provisional Figures)(in Rs crore)

BSNL MTNL

Revenue 19305 2682

Expenditure 25868 6017

(b) & (c) BSNL and MTNL have incurred losses during 2009-10, 2010-11 & 2011-12. Details of the losses incurred by BSNL and MTNL during the last three years are as follows:

(in Rs crore)

2009-10 2010-11 2011-12

BSNL (-)1823 (-)6384 (-)8851

MTNL (-)2611 (-)2802 (-)4110

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(d) The reasons for the rising losses of BSNL and MTNL are due to decline in revenue and increase in expenditure. The reasons for the decline in revenue are as follows:

- Fixed to mobile substitution
- Stiff competition in mobile sector.
- Payment towards 3G & Broadband Wireless Access spectrum charges resulting in reduction in interest income.
- Decrease in Average Revenue Per User (ARPU) in mobile sector.

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

(e) to (g) Department of Telecommunications (DoT) reviews the performance of BSNL and MTNL periodically to identify and implement steps to improve their financial health. Some of the steps taken by BSNL and MTNL to improve profitability are as follows:

BSNL

- Fortification of stable revenue streams through concerted focus on Broadband, Next Generation Network (NGN) voice and enterprise businesses with major focus on government projects.
- Sustained operational focus on customer care, service delivery, service assurance revenue management and asset management.
- Sharing of Passive infrastructure along with Monetization of real estate.
- Seeking reimbursement of deficit on account of commercially non-viable services.
- Efforts to rationalize staff cost, through proposed Voluntary Retirement Scheme (VRS) aimed at reducing its workforce by 1,00,000.

MTNL

- Review of tariff for various products and services so as to make them customer friendly and suit various segments of the society.
- Measures to facilitate easy payment of telephone bills to meet the requirement of all segment of society.
- Online booking of different services and complaints for landline and mobile.
- Sanchar Haats in Delhi and Customer Service Centers (CSCs) at Mumbai, where customer can get various services like registration for new service, duplicate bills of cellular connection, bill payment, VCC cards etc.

In addition, the National Telecom Policy (NTP- 2012) inter-alia envisages following role of Public Sector Units, including BSNL and MTNL:

- To recognise the strategic importance of Telecom PSUs in nurturing/ enhancing Government's intervention capabilities in matters of national security or international importance, including execution of bilateral projects funded by Government of India.
- To encourage Public Sector Units under the DoT to identify and exploit strategic and

operational synergies so that they play a significant role in service provision, infrastructure creation, and manufacturing.

- To exploit individual strengths of organisations under DoT/Department of Information Technology (DeitY) to their mutual benefit for ensuring these organisations to effectively flourish in the competitive telecom market while adequately supporting the security needs of the nation. Efforts will be made for according preferential treatment for procurement of products and services rendered by individual organisations.
