

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY
RAJYA SABHA
QUESTION NO 19.11.2009
ANSWERED ON
LOSSES TO INDIAN TELEPHONE INDUSTRIES .

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SHRI BALAVANT ALIAS BAL APTE

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

- (a) whether public sector telecom company, Indian Telephone Industries Ltd. is incurring heavy losses.;
- (b) if so, the details of the losses incurred during the last three years and current financial year and the reasons therefor;
- (c) whether Government has formulated any scheme to revive the said telecom company;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY

(SHRI GURUDAS KAMAT)

(a) Yes, Sir.

(b) The losses for the last three years and for the current financial year are as under:-

2006-07	Rs. 405 Cr
2007-08	Rs. 358 Cr
2008-09	Rs. 668 Cr
2009-10	Rs. 186 Cr (provisional upto September 09)

The main reason for ITI incurring losses is that telecom manufacturing sector is a highly competitive and research oriented market with rapidly changing technology leading to short product life and high obsolescence rate.

(c) & (d) Yes, Sir. The scheme formulated by the Government for revival of ITI entails following steps:-

- i) Government has provided a grant of Rs. 2820 crore to ITI to clean up its balance sheet.
- ii) Government has approved setting up of three Joint Venture/Special Purpose Vehicles by inducting strategic partner(s) for manufacturing new products. The Government would also provide additional proportionate equity in the Special Purpose Vehicles/Joint Ventures.
- iii) Government has decided in principal to provide support of Rs. 180 crore to ITI for working capital margin.

(e) Does not arise in view of (c) & (d) above.