

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1189
TO BE ANSWERED ON 27TH JULY, 2018**

LOSS TO EXCHEQUER BY MTNL

1189. SHRI ANIL DESAI:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether it is a fact that MTNL is a loss making undertaking of the Government where salary and allowances of its officers/ employees are more than the revenue earned by it, if so, the details of expenditure and revenue earned during the last five years by MTNL;
- (b) the reasons for such continuous loss to the exchequer; and
- (c) whether in view of the huge loss in revenue, Government is considering closure of MTNL, if so, the details thereof and if not, the reasons therefor?

ANSWER

**THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)**

- (a) The details of expenditure and revenue earned during the last five years by Mahanagar Telephone Nigam Limited (MTNL), a loss making Central Public Sector Enterprise (CPSE), is at **Annexure**.
- (b) The major reasons for losses of MTNL are:
 - i. 3G/BWA spectrum was purchased for Rs.11098 crores. MTNL arranged this amount through loans from banks etc. to the tune of Rs.7564 crores.
 - ii. MTNL incurred losses due to 2nd pay/wage revision leading to higher payment of wages to employees and provision for pensioner benefits as per actuarial valuation based on the revised pay scales for retirement benefits of employees.
 - iii. The payment of one-time spectrum charge from borrowing and the cascading effect of wage revision has resulted in considerable interest outgo for MTNL from 2010-11 onwards.
 - iv. The employee cost is around 70-80 % of the total income of MTNL which is much higher than the other Telecom Service Providers (TSPs) average of 5-8% of their total income.
- (c) MTNL has been incurring losses continuously since last many years. Accordingly, as per Department of Public Enterprises (DPE) guidelines, MTNL has been declared as "Incipient Sick". Consequent upon declaration as "Incipient Sick", action has been initiated by the Department of Telecommunications (DoT) for revival/restructuring of MTNL as per DPE guidelines.

Annexure

(in Rupees Crore)

Sl. No.	Particulars	Year ended 31.03.2014	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2018
1	Income from services	3,391.74	3,400.08	3,196.62	2,869.68	2371.91
2	Other income	395.64	420.98	316.09	682.78	744.51
	Total income	3,787.37	3,821.06	3,512.71	3,552.46	3,116.42
	Expenditure					
3	Cost of Material Consumed	-	-	-	-	5.88
4	Employee Cost	2,615.40	2,653.19	2,637.03	2,647.81	2445.79
5	Revenue sharing	414.68	370.02	243.85	227.78	151.69
6	Licence fees and Spectrum charges	253.90	270.61	187.09	270.08	182.54
7	Admin/operating expenditure	1,030.54	831.45	865.51	816.13	769.80
8	Depreciation & Amortisation	1,165.74	1,158.59	1,121.01	1,087.63	1028.68
	Total Expenditure	5,480.26	5,283.85	5,054.49	5,049.44	4,584.38
	Profit/(Loss) from operations before interest & Exceptional items	(1,692.89)	(1,462.78)	(1,541.78)	(1,496.98)	(1,467.96)
9	Finance costs	1,390.15	1,439.62	1,296.71	1,448.47	1505.49
	Profit/(Loss) after interest but before exceptional items	(3,083.04)	(2,902.40)	(2,838.48)	(2,945.45)	(2,973.45)
10	Exceptional items	11,620.93	-	-	-	0.00
	Profit/(Loss) from ordinary activities before tax	8,537.89	(2,902.40)	(2,838.48)	(2,945.45)	(2,973.45)
11	Tax Expenses					
11a	Provision for current Tax	497.18	-	-	(4.38)	0.00
11b	Excess Provision of income tax written back	-	-	(492.26)		
11c	Provision of deferred Tax	-	-	-	-	0.00
	Net profit/(Loss) from ordinary activities after tax	8,040.71	(2,902.40)	(2,346.22)	(2,941.08)	(2,973.45)
12	Extraordinary items/Prior period adjustments (Net of tax)	215.58	(9.01)	(24.49)	-	0
13	Profit/(Loss) from Continuing Operations	7,825.13	(2,893.39)	(2,321.73)	(2,941.08)	(2,973.45)
14	Profit/(Loss) From Discontinuing Operations	-	-	315.99	-	0.42
15	Other Comprehensive Income	-	-	-	(29.49)	2.38
16	Total Comprehensive Income/(Loss) for the period	7,825.13	(2,893.39)	(2,005.74)	(2,970.57)	(2,970.65)
