

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

**LOK SABHA  
UNSTARRED QUESTION NO. 3559  
TO BE ANSWERED ON 8<sup>TH</sup> AUGUST, 2018  
PERFORMANCE OF BSNL AND MTNL**

3559. SHRI SANKAR PRASAD DATTA:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) the responsible persons/entities for the alleged pitiable condition of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) and the action taken by the Government in this regard;
- (b) whether the Government proposes to disinvest and/or merge the said telecom service providers; and
- (c) if so, the details thereof and the steps taken by the Government in this regard 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) Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) were earning profits since their inception until 2008-09. However, their financial condition has been affected due to various reasons. Major reasons are as follows:

- One time upfront cost of spectrum for 3G and BWA (Broadband Wireless Access) required to be paid in 2010 for the amount of Rs.11097.97 crores by MTNL and Rs 18500.38 crores by BSNL which has eroded their reserves. MTNL had to take loan to meet this expenditure. This has created financial stress on both PSUs.
- Both the Public Sector Undertakings (PSUs) are also burdened with salary payments of the legacy DOT (Department of Telecommunications) employees, who are now working as absorbed employees in these PSUs.
- The market dynamics have changed in last 5 to 6 years in telecom sector because of the entry of more number of operators, which have garnered major market share and put a lot of pressure on the revenues of these PSUs.
- Both the PSUs could not invest timely in upgradation of their infrastructure.
- BSNL is providing telecom services in non-profitable areas like remote and hilly regions in various states e.g. Himachal Pradesh, Uttarakhand, Jammu & Kashmir, North East, Chhattisgarh, Andaman & Nicobar Islands and Lakshdweep Islands.
- Both the PSUs have to follow the prescribed guidelines and procedures which sometimes leads to inherent delays in taking decisions.
- MTNL is providing its services only in Delhi and Mumbai Service Areas unlike other major Telecom Service Providers (TSPs).

Government has taken various steps to make BSNL and MTNL viable in the background of stiff competition in the telecom sector. Details thereof may be seen at **Annexure**.

(b) & (c) At present, there is no proposal for disinvestment or merger of BSNL and MTNL. However, based on the financial results of BSNL and MTNL for last few years, both these PSUs have been classified as "Incipient Sick" as per Department of Public Enterprise (DPE) Guidelines. Accordingly, action has been initiated by the Department of Telecommunications (DoT) for preparation of revival/restructuring plan of BSNL and MTNL.

Details of Government support to BSNL and MTNL from time to time to strengthen their financial conditions:

**BSNL:**

- Implementation of providing mobile connectivity in 2199 identified locations in Left Wing Extremism (LWE) affected areas at an estimated cost of Rs. 3567.58 crores .
- Refund of surrendered BWA (Broadband Wireless Access) spectrum in 6 service areas held by BSNL. Under this head, Rs. 6724.51 crore was refunded to BSNL through budgetary resources.
- Implementation of Comprehensive Telecom Development Plan for Andaman & Nicobar Islands and Lakshadweep Islands through augmentation of satellite connectivity/bandwidth at an estimated cost of Rs. 120.49 crores.
- Refund of Rs. 169.16 crore to BSNL on account of surrender of CDMA (Code Division Multiple Access) spectrum.
- Optical Fibre Cable based Network for Defence Services (NFS Project) has been given to BSNL on nomination basis at the cost of Rs.24,664 crore.
- For execution of BharatNet project, Government has provided Rs.5744 crore in Phase-I and has earmarked Rs.6500 crore in Phase-II to BSNL.
- Comprehensive Telecom Development Plan for the North-Eastern Region for provision of mobile services in uncovered villages in Arunachal Pradesh and two districts of Assam at an estimated project cost of Rs. 1975.38 crore and implementation of Transmission-Media Plan for North Eastern Region at an estimated cost of Rs.295.97 crore .
- Submarine Optical Fiber Cable Project at the cost of Rs.1900 crore has been assigned to BSNL on nomination basis for providing connectivity to the Andaman and Nicobar Islands.
- Work of setting up of 25000 Wi-Fi Hotspots at Rural Telephone Exchanges at the cost of Rs.940 crore has been given to BSNL.
- Work of setting up of Satellite Gateway at the cost of Rs.68 crore has been given to BSNL on nomination basis.
- Notional loan of Rs. 1411 crore to BSNL which was due to be paid to the Government was waived-off.

**MTNL:**

- Refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by MTNL. Under this head, Rs. 4533.97 crore has been refunded to MTNL through bonds.
- The pension liability of MTNL staff who were absorbed from Department of Telecommunications (DoT), has been taken over by the Government.
- Financial support of Rs. 492.26 crore was given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT).
- Refund of Rs. 458.04 crore to MTNL on account of surrender of CDMA (Code Division Multiple Access) spectrum.
- Provision of High Speed Internet on Fiber To The Home (FTTH) and Wi-Fi at the residences of Hon'ble MPs. The Project cost of Rs 43.2 Crore was funded by DoT.

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