

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
DEPARTMENT OF TELECOMMUNICATIONS**

**LOK SABHA
UNSTARRED QUESTION NO.1820
TO BE ANSWERED ON 9th DECEMBER, 2015
FINANCIAL CONDITION OF TELECOM PSUS**

**†1820. SHRIMATI MALARAJYA LAXMI SHAH:
SHRIMATI SAKUNTALA LAGURI:
SHRI LAXMAN GILUWA:
SHRI PRATAPRAO JADHAV:
SHRI HARI MANJHI:
SHRI RAMTAHAL CHOUDHARY:**

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

- (a) the details of revenue generated and expenditure incurred by BSNL and MTNL under different heads during the last three years;
- (b) whether the Government has conducted any enquiry on declining revenue and increased expenditure of these PSUs and fixed the responsibility therefor;
- (c) if so, the details thereof and the reaction of the Government thereto;
- (d) whether these PSUs have surplus staff particularly at higher levels and still new appointment are being done which put extra financial burden on these PSUs; and
- (e) if so, the details thereof and the action taken by the Government in this regard?

ANSWER

**THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)**

- (a) The details of revenue generated and expenditure incurred by Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) during the last three years are given in **Annexure-A** and **Annexure-B** respectively.
- (b) & (c) Government is conscious that the performance of BSNL and MTNL needs improvement. BSNL and MTNL have been unable to invest in expansion/ modernization of their networks due to financial distress.

BSNL and MTNL are preparing revival plans for increasing revenue potential, identifying business opportunities, organizational restructuring and training to enable human resource to grow into customer-centric company with expertise in marketing and customer services delivery.

Contd.....2/-

BSNL and MTNL are taking several other steps to enhance revenues through investments to strengthen their network and focus on customer care and service delivery to improve quality of service. These include:-

- To provide better network connectivity, BSNL has planned to add 6.3 million Global System of Mobile communication (GSM) lines capacity in its network during the year 2015-16.
- Augmentation of mobile network by BSNL as part of its Phase-VII Project to create additional capacity of 15 million lines at an estimated cost of Rs. 4804.77 crores. This will result in addition of 14421 2G sites and 10605 3G sites across the country.
- Based on traffic growth, BSNL is constantly updating the requirements of various Broadband network elements in the system. For improving broadband services, BSNL has installed Google caching servers at 13 locations and done peering with Google at 3 locations for 110 GB capacity. Also Akamai caching servers were installed for 100 GB capacity. Also, BSNL has upgraded 47 Broadband Network Gateways (BNGs) in Broadband network for higher capacity.
- Augmentation of Microwave (M/W) backhaul network by MTNL to support the enhanced speed by providing connectivity of existing mobile tower sites in Delhi & Mumbai on Optical Fiber Cable (OFC) network in place of Microwave network.
- BSNL has entered into an agreement for setting up Wi-fi hotspots on revenue share basis to increase its revenue and providing better services to its customers.
- Introducing free night calling tariff plans for wireline customers to arrest decline in customer base and to acquire new wireline customers.
- Introduction of free national roaming on pan-India basis for mobile customers for retaining/increasing mobile customer base.

In order to improve the financial condition and support BSNL in additional revenue generation, Government has assigned new projects to BSNL such as:

- 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 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.
- 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.
- 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.

(d) & (e) BSNL and MTNL have reported that no appointments are being made at higher levels as they have sufficient number of staff at these levels.

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Annexure-A

Details of Revenue and Expenditure of BSNL during last three years.

(Rs. in lacs)

	2014-15	2013-14	2012-13
Revenue from sale of services			
- Telephones (Other than Wireless in Local Loop(WLL))	4,93,381	5,01,326	4,94,717
- Cellular	11,05,273	10,66,237	10,12,051
- Income from WLL	17,021	18,150	22,105
- Income from broad band services	4,99,681	4,65,969	3,97,478
- Leased lines	2,07,868	2,08,239	1,79,674
- Other services	2,371	2,604	1,553
- Telegraphs & telex	-	399	1,088
- Income from passive infrastructure	19,106	11,574	7,512
- Receipts from other operators	2,73,189	3,02,809	3,18,157
Other operating revenue	1,06,333	38,019	1,31,146
Other Income	1,40,297	1,84,309	1,47,308
Total Revenue	28,64,520	27,99,635	27,12,789
EXPENSES			
Employee benefits expense	14,96,350	15,43,584	13,75,782
Finance costs	50,189	21,964	35,147
Depreciation and amortisation expense	8,81,680	6,02,317	8,33,643
Other expenses			
Administrative, operating and other expenses	10,83,959	11,00,765	10,40,235
License and spectrum fee	2,17,032	2,24,330	2,05,236
Total expenses	37,29,210	34,92,960	34,90,043

Note:

- BSNL income from services has increased by 4.16% in 2014-15 as compared to previous financial year, which is highest in the last five years.
- BSNL has reversed the trend of operating loss and earned operating profit of Rs. 672 crore in Financial Year 2014-15.

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Annexure-B

Details of Revenue and Expenditure of MTNL during last three years.

(Rs. In lacs)

PARTICULARS	FY 2012-13	FY 2013-14	FY 2014-15
REVENUE			
REVENUE FROM OPERATIONS	3,42,866	3,39,173	3,40,008
OTHER INCOME	28,542	39,564	42,098
TOTAL REVENUE	3,71,408	3,78,737	3,82,106
EXPENDITURE			
EMPLOYEES REMUNERATION & BENEFITS	4,90,137	2,61,540	2,65,319
REVENUE SHARING	45,089	41,468	37,002
LICENCE FEES	24,108	20,953	22,154
ADMINISTRATIVE, OPERATING AND OTHER EXPENSES	76,528	1,07,491	88,052
DEPRECIATION & AMORTISATION	1,47,694	1,16,574	1,15,859
FINANCE COST	1,18,026	1,39,015	1,43,962
TOTAL EXPENDITURE	9,01,582	6,87,041	6,72,347
