

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

**LOK SABHA  
UNSTARRED QUESTION NO. 884  
TO BE ANSWERED ON 7<sup>TH</sup> FEBRUARY, 2018**

**Poor Performance by Public Sector TSPs**

†884. SHRIMATI NEELAM SONKER:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether after the entry of a private telecom company in market, BSNL and MTNL are lagging behind in the competition and are on the verge of closure;
- (b) if so, the details thereof and the reasons therefor along with the steps taken by the Government in this regard;
- (c) whether indifference shown by the Government has adversely affected BSNL and MTNL networks and their functioning and absence of new and recent technology therein has led to diminished new recruitments and heavy reduction in the number of employees;
- (d) if so, whether any corrective policy has been prepared by the Government to make them viable in competitive market; and
- (e) if so, the details thereof ?

ANSWER

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

(a) to (e) The wireless market share and number of subscribers of Bharat Sanchar Nigam Limited (BSNL) has increased while the market share of Mahanagar Telephone Nigam Limited (MTNL) has marginally decreased during the last three years as can be seen from table below:

Status as on	BSNL		MTNL	
	Number of Subscribers (In millions)	Market Share (In %)	Number of Subscribers (In millions)	Market Share (in %)
31.03.14	94.65	10.46	3.37	4.59
31.03.15	76.83	7.92	3.51	4.57
31.03.16	86.82	8.40	3.56	4.50
31.03.17	101.40	8.66	3.63	4.03
31.10.17	106.80	9.06	3.59	3.88

Contd.....2/-

To remain competitive both BSNL and MTNL have also reduced their tariff plans due to private Telecom Service Providers (TSP) offering data and voice tariff plans at substantially lower rates. This has impacted the revenue and subscriber base of all TSPs including BSNL and MTNL.

From time to time the Government has supported BSNL and MTNL. The details of which are as below:

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 on 4.6.2013.
- 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 on 7.11.2014.
- 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.13,334 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 on 10.9.2014.
- Submarine Optical Fiber Cable Project at the cost of Rs.1900 crore has been given 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 on nomination basis.
- Work of setting up of Satellite Gateway at the cost of Rs.54 crore has been given to BSNL on nomination basis.

MTNL:

- Refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by MTNL and in 6 service areas held by BSNL. Under this head, Rs. 4533.97 crore has been refunded to MTNL through bonds and Rs. 6724.51 crore has been refunded to BSNL through budgetary resources.
- The pension liability of MTNL staff who were absorbed from Department of Telecommunications (DoT), has been taken over by the Government.
- Notional loan of Rs. 1411 crore to BSNL which was due to be paid to the Government was waived-off.

Contd.....3/-

- Financial support of Rs. 492.26 crore has been 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 FTTH and Wi-Fi at the Hon'ble M.Ps residences. The Project cost of about Rs 43.2 Crore was funded by DoT.

Though, BSNL and MTNL have more number of employees than the industry norms. However, to maintain state of the art equipment, BSNL and MTNL have recruited around 45000 and 650 employees respectively, since their inception.

BSNL and MTNL Board have full powers to take decisions regarding upgradation and adoption of new technology.

BSNL and MTNL have been incurring losses for a number of years. Therefore, as per Department of Public Enterprises (DPE) guidelines, both BSNL and MTNL have been declared as "Incipient Sick".

Consequent upon declaration of BSNL as an "Incipient Sick", action has been initiated by the Department of Telecommunications (DoT) for preparation of revival/restructuring plan of BSNL as per DPE guidelines. Three (03) Indian Institute of Management (IIM) have been requested to submit their willingness for undertaking a study and preparation of revival/restructuring plan of BSNL.

The "Revival Plan of MTNL" prepared by MTNL consultant is under consideration in DoT. The summary of recommendations and discussions include focus on customer, defend current revenue and additional revenue including Network CAPEX investment, Asset Monetization – Lease, Sale of real estate, buildings, Lease/sale of Tower, Fiber, Copper and active equipment, Reduction in retirement age from 60 to 58 years for employees, Voluntary Retirement Scheme (VRS), Debt restructuring and Synergy in operations of MTNL and BSNL etc. An Internal Committee of DoT is examining the recommendations of the report prepared by the consultant to decide the path of financial, human resources and corporate restructuring for revival of MTNL.

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