

Issuing of IPO by BSNL

‡3515. SHRI PRAKASH JAVADEKAR :

SHRI PRABHAT JHA :

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

(a) whether it is a fact that Government has approved issuing of IPO by Bhartiya Sanchar Nigam Limited;

(b) if so, the details thereof;

(c) whether the opposition from labour organisations has been ignored in this regard; and

(d) if so, position of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT) : (a) and (b) Sir, BSNL Board in its 113th Board meeting held on 25th July, 2008, after considering all the pros and cons of listing and in order to strengthen Company's Claim for conferment of Navratna status decided that the Company should get listed.

The Government is considering to offer part of its equity shareholding in BSNL by an offer for sale to the public due to following reasons:

- * It will facilitate BSNL to get Navratna status.
- * It will promote growth of BSNL
- * It will provide an access to the capital market for raising fresh equity capital, if required.

The timing of the issue depends on the condition of the capital market.

(c) and (d) No, Sir. Various staff associations and employees unions have expressed their reservation on the proposed disinvestment/listing. However, to allay the fears of the employees, efforts had been made by BSNL Management to apprise them of the advantages of listing.

BSNL's Profit

3516. SHRI VIJAY JAWAHARLAL DARDA :

SHRIMATI SHOBHANA BHARTIA :

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

(a) whether Government is aware that BSNL's profit after tax fell sharply during the past few years;

(b) if so, the facts and details thereof;

‡Original notice of the question was received in Hindi.

(c) whether the factors responsible for poor financial health of BSNL have since been ascertained; and

(d) if so, the steps Government propose to take to improve the financial health of BSNL ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT) : (a) Yes, Sir. BSNL's profit after tax has fallen sharply during last few years.

(b) The details of BSNL's profit after tax for last five years is as following:-

| (Rs. in Crores) | | | | | |
|------------------|---------|---------|---------|---------|---------|
| Year | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Profit after tax | 10184 | 8940 | 7806 | 3009 | 575 |

(c) The decline in profit is mainly due to following reasons :-

- (i) There has been decline in revenue due to reduction in tariff and substantial surrender of fixed lines telephony by subscribers.
- (ii) Expenditure on employees has increased despite decline in employees number due to revision of pay.

(d) Various steps have already been taken by the BSNL management for improving the financial health such as focusing on quality of service, better customer care, strengthening the sales and marketing channel to attract and retain the customers and exploring new business opportunities such as sharing of tower infrastructure & media and sharing of new services such as Managed Network Services, International Virtual Private Networks (VPNs) etc.

Disinvestment in BSNL

3517. SHRIMATI BRINDA KARAT : Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether there is any proposal before Government to disinvest BSNL;
- (b) if so, the proposal thereof;
- (c) whether the proposal has been discussed with the employees; and
- (d) if so, the reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI GURUDAS KAMAT) : (a) and (b) Sir, BSNL Board in its 113th Board meeting held on 25th July, 2008, after considering all the pros and cons of listing and in order to strengthen Company's Claim for conferment of Navratna status decided that the Company should get listed.

The Government is considering to offer part of its equity shareholding in BSNL by an offer for sale to the public due to following reasons :

- * It will facilitate BSNL to get Navratana status.
- * It will promote growth of BSNL.