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Prasad directs BSNL and MTNL to proceed quickly on VRS, asset monetisation plans

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NEW DELHI: Telecom Minister Ravi Shankar Prasad has directed BSNL and MTNL to implement VRS guidelines quickly and initiate proactive measures to monetise assets in a time-bound manner, while making it clear that they have to become more aggressive in the telecom market, sources said.

A government official privy to the development said that the minister who met the boards of BSNL and MTNL categorically told the companies that they have been given a "strong incentive package" by the government and must roll up their sleeves now to become more competitive.

It may be recalled that the government last month had

approved a Rs 69,000-crore revival package for BSNL and MTNL that includes merging the two loss-making firms, monetising their assets and giving VRS to employees so that the combined entity turns profitable in two years.

Chairing a meeting on November 1, the minister is also learnt to have directed the companies to finalise the voluntary retirement scheme (VRS) guidelines quickly and implement them in most proactive manner -- the progress of which will now be directly monitored by him.

Sources said the minister also asserted to BSNL and MTNL that they must visit the field to interact with their off-



cers and employees. Proactive measures to monetise the assets also must be initiated at the earliest, the minister is said to have informed them.

Sources said the minister has also made it clear that with the generous package by the government, BSNL and MTNL must deliver in terms

of performance.

The Union Cabinet headed by Prime Minister Narendra Modi had on October 23 approved a plan to combine Mahanagar Telephone Nigam Ltd (MTNL), which provides services in Mumbai and New Delhi, with Bharat Sanchar Nigam Ltd (BSNL) that provides the services in the rest of the nation.

The rescue package approved includes an infusion of Rs 20,140 crore capital for purchase of 4G spectrum, Rs 3,674 crore for GST to be paid on spectrum allocation, companies raising Rs 15,000 crore in debt on the sovereign guarantee and government funding of Rs 17,160 crore for VRS and

another Rs 12,768 crore towards retirement liability.

The proceeds of the sovereign bonds issue will be to restructure debt and meet other expenses. The bond will have to be serviced by the public sector undertakings only. The main liability will fall on BSNL as MTNL will now operate as a subsidiary of the company.

The two firms will monetise assets worth Rs 7,500 crore in the next three years, Prasad said. MTNL has reported losses in nine of the past 10 years and BSNL has also been riving in loss since 2010. The total debt on both the companies stood at Rs 40,000 crore, of which half of the liability is on MTNL alone.