

Publication:	The Economic Times	Page No:	8
Place:	N.D.	Date:	14/11

## DoT May Offer ₹11kCr Loan to Allay BSNL Concerns

**DEBT MANAGEMENT** Post BSNL-MTNL merger, long-tenure loan may be offered to the new entity to deal with MTNL's debt burden

Kalyan.Parbat@timesgroup.com

**Kolkata:** The telecom department is considering offering a soft loan of as much as ₹11,000 crore to a potential combination of loss-making state-run telecom operators Bharat Sanchar Nigam (BSNL) and Mahanagar Telephone Nigam (MTNL) to address BSNL's concerns about taking on MTNL's mammoth debt on its books.

MTNL currently has debt of ₹14,600 crore, stems from multiple loans taken to buy airwaves four years ago to offer third-generation telecom and broadband wireless services. The burden is likely to lessen to about ₹11,000 crore, in-

cluding interest component, by the year-end as MTNL is due to receive a ₹4,534 crore refund from the Department of Telecommunications (DoT) for its surrendered broadband wireless spectrum and could use most of that to repay loans.

"There is no decision yet, but a possible option to deal with MTNL's dues in the run-up to any potential merger into BSNL is a sizeable long-tenure soft loan at 1-1.5% to the post-merger entity," a top government official aware of the matter told ET. He said such a soft loan would roughly be equivalent to MTNL's outstanding debt at the point of merger with BSNL.

MTNL provides telecom services in Delhi and Mumbai, while BSNL offers

### Merger Hurdle

**14,600 cr** MTNL's current debt burden  
This will come down after MTNL receives a ₹4,534-cr refund from DoT for surrendered broadband wireless spectrum

**30,000 cr** Total debt of BSNL at present  
Dealing with MTNL's debt is the biggest challenge before the proposed MTNL-BSNL merger

the same in the rest of India.

DoT's plans to deal with MTNL's debt come at a time when the government is weighing the pros and cons of delisting MTNL and merging it into unlisted BSNL. The government is considering options to revive the two financially stressed companies. MTNL posted a ₹834.2 crore loss in the quarter through September, while BSNL reported a loss of ₹7,085 crore in the year ended in March 2014.

In a recent presentation to the Prime Minister's Office, DoT had said that it hoped to secure Cabinet nod for the proposed BSNL-MTNL merger by June 30. However, DoT sources say dealing with MTNL's sizeable debt remained perhaps

the biggest challenge for the government. "A workable solution for dealing with MTNL's debt without hitting Bharat Sanchar Nigam's balance sheet is critical for concluding any merger," a top BSNL official said.

BSNL is cagey about taking on MTNL's arrears in its books in the event of a merger, since it is already saddled with accumulated losses of more than ₹30,000 crore.

An MTNL director said a soft loan could address BSNL's concerns but the government is fully aware that MTNL would also bring in substantial value into any merger transaction by virtue of its 3G spectrum in Mumbai and Delhi, its substantial real estate holdings and a mix of landline and mobile customers.