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TELECOM DEPT READIES NOTE ON MERGER OF AILING MTNL, BSNL

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NEW DELHI: The communications ministry has prepared the draft for a note seeking the merger of ailing public sector telecom companies — Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL), sources in the Department of Telecommunications said. The draft has been sent to communications minister Ravi Shankar Prasad for his approval.

The draft was prepared in the light of weak finances in the two fallen monopolies, sources added. Unaudited financial results for the financial year 2013-2014 indicate that BSNL and MTNL are estimated to report a net loss of ₹7,084 crore and ₹1,908 crore, respectively.

Different groups have already been formed to study various aspects such as human resources, technological systems, financial and corporate integration between both firms. "A steering committee has also been constituted for the coordination of these groups," a DoT source said.

The draft also mentions the operational level synergy between MTNL and BSNL. It suggests the creation of a separate company for the telecommunications infrastructure and has strongly suggested monetisation of the land assets possessed by both the public sector telecom companies.

"We have proposed hiving of mobile tower assets of BSNL into a separate company...a 100% subsidiary with outsourcing of operation and maintenance sales and marketing functions," the source added.

Once the draft is examined by the communications minister, the proposal is likely to be forwarded to the law ministry, before being sent to the Cabinet for final approval.