

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

**LOK SABHA
UNSTARRED QUESTION NO. 490
TO BE ANSWERED ON 20TH NOVEMBER, 2019**

MERGER OF BSNL AND MTNL

**†490. DR. BHARATIBEN DHIRUBHAI SHIYAL:
SHRI KHAGEN MURMU:
SHRIMATI QUEEN OJA:
SHRI SUNIL KUMAR PINTU:
SHRI AJAY KUMAR MISRA TENI:
KUMARI SHOBHA KARANDLAJE:**

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government has given in-principle approval to the merger of State run Telecom Service Providers (TSPs) MTNL and BSNL and if so, the details thereof and the time by which these two TSPs are likely to be merged;
- (b) whether the Government has any action plan to strengthen/revive/bailout the aforesaid TSPs and if so, the details thereof and if not, the reasons therefor along with the steps taken by the Government in this regard;
- (c) the extent to which the condition of these TSPs is likely to be improved by the aforesaid action plan;
- (d) whether BSNL has been reporting losses continuously since 2009-10 and has been declared incipient sick and if so, the details thereof and the reasons therefor;
- (e) whether the Government has formulated any scheme to equip mobile towers of the said TSPs with 4G services and if so, the details thereof and if not, the reasons therefor;
- (f) the steps taken by the Government to leverage the spectrum allotment to make BSNL and MTNL competitive in the telecom market; and
- (g) whether both TSPs will offer voluntary retirement to their employees aged fifty years and above through attractive VRS options and if so, the details thereof?

ANSWER

**MINISTER OF COMMUNICATIONS, LAW & JUSTICE AND
ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)**

- (a) The Cabinet in its meeting held on 23-10-2019 approved the revival plan for Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) which inter-alia includes

in-principle approval for merger of BSNL and MTNL. The process of merger is likely to be completed in 18-24 months.

(b) & (c) A Cabinet Note for the revival of BSNL and MTNL was prepared by Department of Telecommunications (DoT) and submitted for the consideration of the Cabinet. The Cabinet in its meeting held on 23-10-2019 approved the revival plan for BSNL and MTNL.

The revival plan inter-alia includes measures to reduce the staff cost through a Voluntary Retirement Scheme (VRS), administrative allotment of spectrum to BSNL and MTNL for providing 4G services, monetisation of assets of BSNL and MTNL, debt restructuring by raising of sovereign guarantee bonds and in-principle merger of BSNL and MTNL. With the implementation of the revival plan, it is expected that both PSUs will turnaround in future.

(d) BSNL is incurring losses since 2009-10. Based on the financial performance of BSNL, Department of Telecommunications (DoT) classified BSNL as “Incipient sick” in September 2017. Stiff competition in mobile segment, high employee cost and absence of 4G services (except in few places for BSNL) in the data-centric telecom market is adversely affecting the competitive strength of BSNL.

(e) & (f) The Cabinet has approved administrative allocation of spectrum to BSNL and MTNL for providing 4G services through capital infusion by the Government.

(g) The Cabinet has approved to offer a Voluntary Retirement Scheme (VRS) to the employees of BSNL and MTNL of age 50 years and above.
