

Telecom News / Latest Telecom News / Policy

MTNL merger to bring ‘irreparable’ loss to BSNL revival: Employees group

In a letter dated March 23, 2022 to the Prime Minister Narendra Modi, BSNL Employee Union (BSNLEU) said, “the BSNL employees are genuinely concerned that the merger of MTNL with BSNL will certainly ruin the financial condition of the latter.”

Muntazir Abbas ETTelecom Updated: March 24, 2022, 03:34 IST



NEW DELHI: State-run Bharat Sanchar Nigam Limited (BSNL) employees group Wednesday said that the proposed merger between the Mahanagar Telephone Nigam Limited (MTNL) and BSNL would do “irreparable damage to the Cabinet-approved revival plan for the latter.

In a letter dated March 23, 2022 to the Prime Minister Narendra Modi, BSNL Employee Union (BSNLEU) said, “the BSNL employees are genuinely concerned that the merger of MTNL with BSNL will certainly ruin the financial condition of the latter.”

Further, the group “fervently appealed to drop the proposal to merge MTNL with

BSNL” and suggested that the government should take over MTNL’s debt amounting to Rs 26,000 crore, and should provide sufficient financial assistance to BSNL for the rehabilitation of MTNL network.

In January last year, BSNL took over MTNL’s mobile networks in two metropolitans – Delhi and Mumbai.

“Under these circumstances, it is disturbing to hear that the government is moving fast to merge MTNL with BSNL. Already BSNL is struggling hard to come out of its financial crisis. In this situation, if MTNL is merged with BSNL, it will only do irreparable damage the the financial revival of BSNL,” BSNLEU general secretary [P Abhimanyu](#) said.

The letter comes on the back of Centre’s plan create synergies between the two loss-making entities, and further merge their operations making a single entity. MTNL is a listed firm, and has a wage disparity with BSNL employees.

Recently, the Parliamentary Standing Committee on Communications and Information Technology has also suggested the telecom department to carve out MTNL’s debt and assets worth over Rs 26,500 crore into a special purpose vehicle (SPV) and recommended to merge telco's operations with that of BSNL.

In October 2019, the Cabinet approved the rescue plan for two sate-owned BSNL and MTNL worth Rs 70,000-crore that include virtual retirement scheme ([VRS](#)), monetisation of assets and allocation of fourth generation or 4G airwaves, and a merger between the two companies.

Parl panel pitches for carving out MTNL's debt, assets worth Rs 26,500 cr; giving 5G to BSNL

According to a submission made by BSNL and MTNL Chairman and Managing Director P K Purwar to the panel, BSNL is expected to turn profitable by 2025-26 while survival of MTNL is not possible because it has debt of over Rs 26,000 crore and...

[See More Details >](#)



However, according to insiders, a significant portion of the beleaguered MTNL’s network sites remain down owing to non-payment of rent and dues to vendors providing fuel.

Following the VRS, the headcount in both telecom carriers, has been drastically cut down to nearly 50% ensuring massive savings on their salary outgo.

On Wednesday, Minister of State for Communications said that there was “no delay or deficiency” in services provided by BSNL due to the VRS opted by its employees.

Further, Chauhan said that there was no plan for the disinvestment of BSNL.

Currently, BSNL has a debt liability of close to Rs 30,000-crore.

Separately, the Centre is also planning to merge Sarvesh Singh-headed Bharat Broadband Network Limited (BBNL), a special purpose vehicle to deploy BharatNet network nationwide with BSNL.

Recently, BSNL chairman [Pravin Kumar Purwar](#) said that the government has taken a [policy](#) decision to merge BBNL into BSNL, and added that the move would bring BBNL’s initiatives to BSNL.

Recently, Purwar-headed telco has also concluded a Proof-of-Concept (PoC) with state-run Centre for Development of Telematics and Tata Consultancy Services (TCS) that would eventually allow Tata group-backed consortium to deploy long-awaited indigenous 4G network for BSNL.

Follow and connect with us on [Twitter](#), [Facebook](#), [Linkedin](#), [Youtube](#)

[Policy](#) [bsnl](#) [mtnl](#) [BSNLEU](#) [VRS](#) [telecom news](#) [pravin kumar purwar](#)
[p abhimanyu](#) [mtnl news](#)

Subscribe to our Newsletter

400000+ Industry Leaders read it everyday

Your Email

[Join Now](#)

I have read [Privacy Policy](#) and [Terms & Conditions](#) and agree to receive newsletters and other communications on this email ID.

