

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

**LOK SABHA  
UNSTARRED QUESTION NO. 513  
TO BE ANSWERED ON 5<sup>TH</sup> FEBRUARY, 2020  
EFFECT OF MERGER OF BSNL AND MTNL**

**513. MS. MIMI CHAKRABORTY:**

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government is proposing to merge MTNL and BSNL;
- (b) if so, the details thereof and the reasons therefor and the time by which the proposed merger is likely to be done;
- (c) the revenue losses and fall in profits of MTNL and BSNL during each of the last three years and the reasons therefor; and
- (d) the steps taken by the Government to ensure that employees of BSNL and MTNL are not adversely affected by the proposed merger?

ANSWER

**MINISTER OF STATE FOR COMMUNICATIONS,  
HUMAN RESOURCE DEVELOPMENT AND  
ELECTRONICS & INFORMATION TECHNOLOGY  
(SHRI SANJAY DHOTRE)**

(a) & (b) The Cabinet in the meeting held on 23.10.2019 approved the revival plan for BSNL and MTNL which inter-alia, includes in-principle approval for merger of BSNL and MTNL.

Mahanagar Telephone Nigam Limited (MTNL) operates in metros of Delhi and Mumbai and Bharat Sanchar Nigam Limited (BSNL) operates in rest of India. The merger will benefit BSNL/MTNL through pan-India footprint, synergy in operations, reduced fixed costs and overhead, sharing of technical infrastructure and enhanced Enterprise business etc.

The process of merger is to be completed in 18-24 months.

(c) Details of Revenue and Profit/(Loss) of BSNL and MTNL for the last three years are as under:

(in Rs. crore)

Financial Year	BSNL		MTNL	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
2016-17	31,533	(4,793)	3,552	(2,971)
2017-18	25,071	(7,993)	3,116	(2,971)
2018-19	19,321	(14,904)	2,607	(3,398)

Stiff competition in the telecom sector, debt burden, high staff cost and absence of 4G services (except on a limited basis in certain areas for BSNL) are the reasons for losses in BSNL and MTNL.

(d) Government has taken following steps to ensure that the employees of BSNL and MTNL are not adversely affected:

- i. Introduction of an attractive Voluntary Retirement Scheme (VRS) for the employees of age 50 year and above.
- ii. For the remaining employees of BSNL and MTNL, Government has taken following steps to make these companies competitive and self-sustaining:
  - a. Administrative allocation of spectrum for 4G services to increase the market share of mobile business and higher Average Revenue Per User (ARPU).
  - b. Monetization of sparable land and buildings so as to address the liquidity requirement and re-payment of borrowings so far made.
  - c. Sovereign Guarantee bonds of Rs 15,000 crore to restructure existing borrowing and support CAPEX/OPEX.
  - d. Merger of BSNL and MTNL to improve synergy in operations.

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