

# Government forms panel to take off BSNL and MTNL, okays Rs 23k crore bailout

By [Joji Thomas Philip](#), ET Bureau | 22 Apr, 2013, 05.05AM IST

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NEW DELHI: The Centre has constituted a panel of ministers tasked with looking at ways to revitalise the two public sector [mobile phone](#) companies - [BSNL](#) and [MTNL](#).

Currently, an empowered [group of ministers](#) (EGoM) headed by [finance minister P Chidambaram](#) looks into all spectrum-related issues for the telecom sector. It is not known if [Chidambaram](#) will head the new Group of Ministers (GoM) too. This panel will take a call on the telecom department's demand that [Cabinet](#) approve Rs 23,000 crore bailout for [BSNL](#) and [MTNL](#).

The other members of this panel include telecom and IT minister [Kapil Sibal](#), commerce and industry minister [Anand Sharma](#), planning commission deputy chairman [Montek Singh Ahluwalia](#), information and broadcasting minister [Manish Tewari](#) and the minister of state for personnel, public grievance and pensions [V Narayanasamy](#). Besides, [Narayanasamy](#) is also the representative from the Prime Minister's Office in this panel.

"The [GoM](#) will, keeping in inter alia in view national and strategic interest, consider and recommend measures that could be taken in the short, medium and long term for revival and revitalisation of [BSNL](#) and [MTNL](#)," said the official note from the Cabinet Secretary, on the formation of this panel. The group of ministers will have to finalise their recommendations in three months time, the note added.

Last month, [Sibal](#) had asked [prime minister Manmohan Singh](#) to constitute a panel of ministers who would come up with a strategy to revive the two public sector units. [Sibal](#) in his communication to the PM had said that while results for 2012-13 were yet to be declared, he expected [MTNL's](#) network to be completely eroded and added that [BSNL](#) was expected to declare a loss of Rs 10,000 crore during the same period.

"Due to change in business [environment](#) and hyper competition in the telecommunication market, the financial position of [BSNL](#) and [MTNL](#) had deteriorated in the last 3-4 years. Unless immediate steps are taken to revive and revitalise these PSUs, they would turn sick shortly," [Sibal](#) had said.

[BSNL](#), which offers services in all regions except [Mumbai](#) & [Delhi](#) had registered a loss of [BSNL](#), which offers services in all regions except [Mumbai](#) & [Delhi](#) had registered a loss of Rs 8,851 crore in 2011-12 and [MTNL](#) about Rs 4,110 crore during the same period.



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