

Pending merger, MTNL-BSNL asked to synergise operations: DoT

After dilly-dallying for years, the government has asked the two telecom PSUs -- BSNL and MTNL -- to synergise their operations and function as one entity, pending the merger, offering Pan-India services.

BSNL provides all telecom services -- fixed line, mobile, STD, ISD, broadband, Internet and others -- in 20 circles other than the two metros, Delhi and Mumbai, where MTNL operates.

Functioning separately denies BSNL to offer services in India's two most lucrative telecom markets (Delhi and Mumbai), and restricts MTNL from expanding beyond the two metros.

There is, no doubt, a good reason for both to have combined operations, but there are practical problems going forward, Telecom Secretary R Chandrasekhar said.

"...We have directed them to actually work out plan to syrenigse their operations so that even if they are two separate entities they can work out a mode of functioning as a pan-India service provider," he told PTI in an interview.

BSNL, once the country's flagship telecom company, posted a net loss of Rs 1,823 crore on revenues of Rs 32,046 crore in 2009-2010. The company had net profit of over Rs 10,000 crore in 2005-06. MTNL, on the other hand, posted a net loss of Rs 2,826 crore in 2010-11.

For years, there have been various moves to merge the two but they failed to fructify so far.

"Procedurally, there are many issues like MTNL's shareholding pattern, staffing, salary structure, and pension structure in merging them," Chandrasekhar said.

Besides, he added that while MTNL is listed on the bourses, BSNL is not and there problems in listing it.

Recently, the Board for Reconstruction of Public Sector Enterprises (BRPSE) had recommended that BSNL should merge with its counterpart MTNL -- a move that will help turn around the loss-making telecom giant.

Both the companies are looking for opportunities to turn be in the black once again. As on March 31, 2009, BSNL staff strength was 2,99,840 and MTNL's manpower stood at 44,910.

"In today's market scenario it makes sense for a player to actually have a pan-India

presence and the pan-India service. But if you are thinking of merging them, there are practical problems but desirability is not the question," Chandrasekhar said.

BSNL has been relegated to the fifth place in terms of mobile subscribers after Airtel , Vodafone , Reliance and Tatas from its number two position just a few years ago. Both BSNL and MTNL have failed to keep pace with private operators.

Last month, the Government appointed R K Upadhyay as the new Chairman and Managing Director (CMD) of BSNL. The appointment of MTNL CMD is still in process.

The Economic Times 16th May, 2011