

DoT revives BSNL, MTNL merger plans

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The Department of Telecommunications (DoT) has revived a proposal for the merger of state-run telecom firms Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) to synergise their business operations across the country. The proposal floated by DoT under Communications Minister Kapil Sibal gains significance because the merger plan was given a quiet burial under former telecom minister A Raja for the last three years.

In its draft strategic plan, the department while showing concern over the deteriorating performance of BSNL and MTNL, said: “BSNL and MTNL should be merged as they have complimentary operations and can combine their strengths for synergies.” Increasing competition in the telecom sector has also led to a dip in the performance of the PSUs. “The structure of BSNL and MTNL make it difficult for them to be accountable for their performance. DoT should set up a multi stakeholder committee to develop a restructuring plan for both firms,” the department said in the note.

The committee should have members from public enterprises, DoT and department of IT and ministry of finance, the note said. The telecom PSUs should focus on enterprise business, services to government and public sector, value added services and new technologies like 3G.