

New Delhi: After a hiatus of few years, the proposal to merge BSNL and MTNL is back on the discussion table with top officials at the telecom department once again ‘brainstorming’ on various options before the two loss-making, state-owned entities.

According to a person in the department of telecommunications, a top-level meeting recently discussed possibility of merging both the entities that are facing financial stress due to increasing competition in the sector. Another official said that in the first phase, BSNL is keen on picking up mobile operations of MTNL in Gurgaon, Noida and Faridabad, where it is already offering landline and broadband services.

The other option could be the acquisition of MTNL’s mobile operations in Delhi and Mumbai - the two metros it operates in. BSNL, on the other hand, operates in rest of India.

The meeting, headed by then telecom secretary J.S. Deepak, was held 2-3 weeks ago and idea is gaining ground once again. The idea of merging the two firms was first mooted years ago by the then telecom minister Pramod Majahan and has been deliberated upon a few times since then. Officials said however that the talks on the merger have been revived at the instance of senior officials in the government. On the hurdles to the move, the person quoted above said, staffing and salary related issues pose a big challenge. Besides, they said, MTNL is debt-laden and while the move will be a positive for it, BSNL will have to bear the brunt. MTNL has been reeling under “serious” debt problem and is borrowing money to meet its day-to-day requirements. In a written reply to the Rajya Sabha in November last year, communications minister Manoj Sinha had said: “In case of MTNL, it has been going slow in upgradation of equipment during the last 4-5 years due to severe financial problems. MTNL is under serious debt burden and is borrowing money to meet its day to day requirements.”

MTNL’s standalone net loss has widened to Rs819.96 crore, surpassing its total revenue, during the three-month period ended 31 December, hit primarily by finance cost. The net loss surpassed its total income of Rs690.59 crore.

The total debt of MTNL reached Rs19,418.23 crore at the end of 31 December 2016, from Rs11,542.3 crore in 2012-13, according to official data. In 2015-16, MTNL reported total annual revenue of Rs3,197.41 crore and net loss of Rs2,005.72 crore.

The losses of BSNL have narrowed however to Rs4,890 crore for the nine month period of the current fiscal, from Rs6,121 crore in the year-ago period. It posted 5.8% increase in income from services at Rs19,379.6 crore during the period under review.

As per Telecom Regulatory Authority of India (Trai), BSNL and MTNL had as of 31 December a market share of about 9 per cent of the total wireless subscriber base of 1.2 billion.

