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BSNL, MTNL revival on the plate; 5G for icing

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Reviving two sick companies — Bharat Sanchar Nigam Ltd and Mahanagar Telephone Ltd — will be top of the agenda for the new government, besides preparing for the 5G spectrum auctions.

The Department of Telecommunications is ready with a revival package worth ₹18,000 crore for the two sick public sector units to be taken to the Cabinet for its approval.

"The restoration of MTNL and BSNL is our priority and we are focused on that. The package is ready and we will take it to the Cabinet once the new government takes charge," a senior DoT official said.

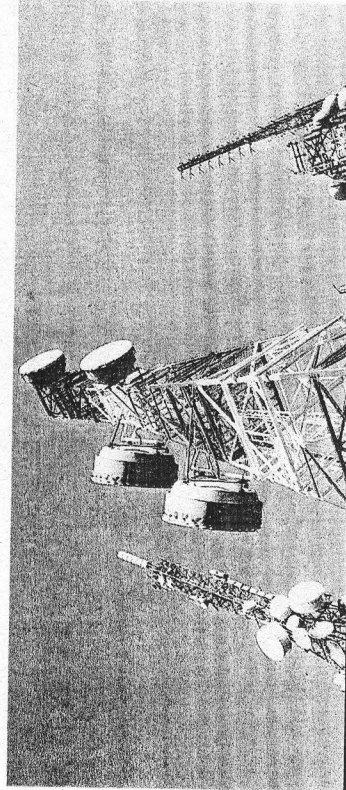
He added that the package will be primarily a retirement package

for the employees of the two companies. For BSNL, it includes a voluntary retirement package of ₹6,365 crore and an equity infusion of ₹6,767 crore towards the allotment of 4G spectrum.

The government may also look at the monetisation of BSNL's real estate assets. The Voluntary Retirement Scheme (VRS) for MTNL could have a revenue impact of ₹2,120 crore.

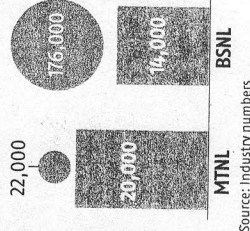
BSNL has 176,000 employees across India and MTNL has 22,000. It is estimated that 16,000 MTNL employees and 50 per cent of BSNL staff will retire in the next five to six years. The revenue-to-wage ratio in the case of MTNL has swelled to 90 per cent while in the case of BSNL it is around 60-70 per cent.

According to an earlier proposal, the DoT planned to fund the VRS through the issue of 10-year bonds, which would



THE LAYOUT

■ Debt (₹ cr) ● No. of employees



Source: Industry numbers

be paid back by the lease revenue that they will get from land asset monetisation. However, the DoT official did not divulge the finer details of the proposal.

Earlier this year, both BSNL and MTNL submitted their respective revival plans to the government. These outline

a slew of measures to bring the two companies back on track. Among them is a suggestion for conversion of debt into a sovereign guarantee, pay revision, and subsequent voluntary retirement.

Both the firms requested the government to grant VRS for employees on the

Gujarat model which offers an amount equivalent to 35 days of salary for each completed year of service and 25 days of salary for each year of service left till retirement is offered. The proposed scheme is expected to cover all employees above 50 years of age.