

BSNL, MTNL merger to help both firms: BSNL CMD Anupam Shrivastava

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New Delhi: Amid renewed push for BSNL-MTNL merger, BSNL CMD Anupam Shrivastava has said the combination will be "advantageous" for both the state-owned telecom firms but issues pertaining to debt and salary structure will need to be sorted out first.

A Parliamentary panel report has pointed out that the Telecom Department is planning to place the merger proposal before the Cabinet by June.

The Standing Committee on Information Technology last week had said: "On the plan for merger of BSNL and MTNL, the same would be taken to Cabinet before June."

Earlier, a top-level meeting at the Telecom Department last month discussed the possibility of merging both the entities that are facing financial stress due to increasing competition in the sector.

"There is synergy between BSNL and MTNL...there is no doubt about it, especially when we look at the enterprise and mobile business segments," Shrivastava told when asked if he favours the merger.

Per se, he said, it would be "advantageous" to the two organisations.

He also pointed to certain "impediments" that would need to be sorted out before the merger can actually take place.

These include variation in salary structure of employees of the two corporations, which Shrivastava feels will need to be discussed with unions for consensus-building, besides MTNL's debt overhang.

"MTNL has a huge debt and that debt has to be looked into ...it should not happen that after the merger, the entity becomes heavily burdened," Shrivastava said.

On a positive note, a potential merger would enable the corporation to offer pan-India mobile services including in lucrative markets of Mumbai and Delhi, and infuse fresh capital to bolster the network, he said.

MTNL offers mobile services in Delhi and Mumbai. BSNL, on the other hand, operates in rest of India.

"For the enterprise business too, a pan-India footprint is important. Typically, large enterprises have headquarters in Mumbai and Delhi, where we are not present. So, a complete pitch requires coordination with MTNL and vice versa," he said.

BSNL's enterprise business is growing at 35 per cent, but a potential merger and a pan-India footprint could push up growth rate to 45 per cent or thereabouts, he added.