

The finance ministry has reportedly suggested the shutdown of public sector undertakings (PSUs) Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL).

The development comes after the finance ministry had rejected the Department of Telecommunications' (DoT) proposal to pump in Rs 740 billion for revival of the ailing PSUs.

Earlier, DoT had argued that the cost of closure would not be as high as Rs 950 billion, while proposing a revival package worth Rs 740 billion.

As per DoT, Rs 950 billion would be incurred in providing an attractive voluntary retirement scheme (VRS) package to around 165,000 employees of the two firms. However, in the event of closure an attractive VRS need not be given to all the employees of the two PSUs.

BSNL and MTNL broadly have three categories of employees. If the cost of closure is calculated on the basis of segregating the staff in these three broad categories, then it would be much less than Rs 950 billion.

According to industry sources, the companies have been asked to identify the staff strength on these lines and then provide numbers so that the actual cost of closure can be worked out.

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