

The Union Cabinet has approved the proposal for revival of BSNL and MTNL by administrative allotment of spectrum for 4G services, debt restructuring by raising of bonds with sovereign guarantee, reducing employee costs, and monetisation of assets. It has also given an in-principle approval to the merger of BSNL and MTNL.

As per a PIB note, the following was approved by the Cabinet -

- Administrative allotment of spectrum for 4G services to BSNL and MTNL so as to enable these PSUs to provide broadband and other data services. The said spectrum will be funded by the government through capital infusion in these PSUs at a value of Rs 201.40 billion in addition; the GST amount of Rs 36.74 billion to this spectrum value will also be borne by the government through budgetary resources. By using this spectrum allotment, BSNL and MTNL will be able to deliver 4G services, compete in the market and provide high speed data using their vast network including in rural areas.
- BSNL and MTNL will raise long-term bonds of Rs 150 billion for which sovereign guarantee will be provided by the government. With the said resources, BSNL and MTNL will restructure their existing debt and also partly meet capex, opex, and other requirements.
- BSNL and MTNL will also offer voluntary retirement to their employees, aged 50 years and above through attractive voluntary retirement scheme (VRS), the cost of which will be borne by the government through budgetary support. The ex-gratia component of VRS will require Rs 171.69 billion. In addition, the government will be meeting the cost towards pension, gratuity and commutation. Details of the scheme will be finalised by BSNL/MTNL.
- BSNL and MTNL will monetise their assets so as to raise resources for retiring debt, servicing of bonds, network upgradation, expansion and meeting the operational fund requirements.

- In-principle merger of BSNL and MTNL

It is expected that with the implementation of the said revival plan, BSNL and MTNL will be able to provide reliable and quality services through its robust telecom network throughout the country including rural and remote areas.

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