

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

STARRED QUESTION NO:372

ANSWERED ON:20.04.2005

MERGER OF MTNL AND BSNL

Pandey Dr. Laxminarayan;Rajendran Shri P.

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Government has received the report of Industrial Credit and Investment Corporation of India securities with regard to merger of the BSNL and the MTNL;
- (b) if so, the main points thereof;
- (c) whether any Committee has been constituted by the Government to study the merger of BSNL and MTNL;
- (d) if so, the details thereof and the views of the Government on the recommendations of the Committee;
- (e) whether any discussion with the recognised Unions of these two PSUs have been held;
- (f) if so, the details thereof and by when the said PSUs are likely to be merged;
- (g) the manner in which the Government proposes to protect the interest of the employees working in both the PSUs; and
- (h) the likely benefits to accrue to the general public as a result of merger?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI DAYANIDHI MARAN)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (h) OF LOK SABHA STARRED QUESTION NO. 372 FOR 20TH APRIL, 2005 REGARDING MERGER OF MTNL AND BSNL.

(a) Yes Sir. M/s ICICI Securities, lead partner of the Consortium of consultants have submitted their report on `Restructuring of Bharat Sanchar Nigam Ltd. (BSNL) and Mahanagar Telephone Nigam Ltd. (MTNL).

(b) As per the consultant, in the telecom market, the vertically and geographically integrated operator will be better positioned to compete effectively and unsynergised MTNL/BSNL would loose out. The consultant has short listed following four options:-

- Option I A: Merger of MTNL into BSNL
- Option I B: Merger of BSNL into MTNL
- Option II A: Acquisition of MTNL by BSNL, IPO by BSNL
- Option II B: Acquisition of BSNL by MTNL

Out of these, option II A has been preferred by the Consultant.

(c) & (d) Yes Sir. A Steering committee comprising of the Secretary, DOT and other senior officers of DOT, Department of Disinvestment, MTNL & BSNL has been constituted to examine the consultant's report. The committee is studying details of the report.

(e) & (f) No, Sir. The Government is yet to take a view on the report submitted by the consultant.

(g) As per the consultant's report, restructuring of BSNL & MTNL does not adversely affect interests of the employees of the PSUs.

(h) All the relevant factors would be considered while taking final view on the report.