

BSNL CMD: Likely to get nod soon to run MTNL's mobile services

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NEW DELHI: Bharat Sanchar Nigam Ltd. (BSNL) expects a go-ahead shortly from the telecom department to manage the mobile services operations offered by Mahanagar Telephone Nigam Ltd. (MTNL) to bring a deeper synergies between the two state-run telcos.

BSNL will provide managed services to MTNL that include telecom equipment procurement and maintenance, technology and business advisory services.

"Telecom department is considering to bring mobile business of BSNL and MTNL together in an effort to bring synergy between the two companies," Shrivastava told ET, adding that the decision is likely to come soon.

The matter has been hanging fire since 2012, and was originally a part of a UPA- II proposal aimed to bring operational coherence between the two financially struggling telcos to principally help MTNL, which operates in Delhi and Mumbai, to overcome market challenges and turn around its consumer mobile business. BSNL operates in the rest of India's 22 circles.

For the fiscal ended March 31, 2016, MTNL reported a net loss of Rs 2012.24 crore which includes a loss of nearly Rs 1,800 crore on account of mobile services alone.

Both, BSNL and MTNL had entered into a strategic agreement in September 2013 and are currently working together to tap enterprise businesses, including leased lines, which according to them is performing well.

A lot of discussions have already taken place, and in order to leverage each other, the government is considering bringing mobile services together in a way that BSNL would run MTNL's network, as the latter's network is old and the PSU is not able to invest anymore, Shrivastava added.

MTNL, unlike BSNL and other private sector operators, won't be able to offer fourth-generation or 4G LTE-based services to subscribers anytime soon as the company does not have liberalized spectrum and its licenses are expiring in 2017.

Telecom minister Ravi Shankar Prasad, while presenting the department's score card, recently said that the government was aggressively working to create a synergy between the two public sector companies with an aim to turnaround MTNL's mobile business.

The government-owned telco still relies heavily on its wireline business which constitutes nearly 80% of its overall revenues and operates 2,000 mobile tower sites in the two metropolitans.



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