

# Revival plan for BSNL and MTNL

November 4, 2019

**Source:** PRS, Monthly Policy Review

The Union Cabinet approved a revival plan for BSNL and MTNL. This plan seeks to address the financial distress of these PSUs and enable them to provide quality and reliable services.

**Key features of the revival plan are as follows:**

- **The merger of BSNL and MTNL:** The Union Cabinet has given **in-principle approval for the merger of BSNL and MTNL.**
- **Allotment of the 4G spectrum:** 4G spectrum will be allotted to both the PSUs. The central government will fund the cost of spectrum allotment to these PSUs.
- **Reduction in debt burden:** The central government will provide sovereign guarantee to both PSUs for raising longterm bonds of Rs 15,000 crore. The funds raised by this exercise will be used for restructuring the existing debt and, partly meeting capital as well as operational expenditure requirements. Both the PSUs will monetize their assets. The funds received from monetization will be used in meeting capital and operational expenditure requirements.
- **Reduction in salary burden:** To reduce the salary burden of both PSUs, they will offer **a Voluntary Retirement Scheme (VRS) to their employees, aged 50 years and above. The cost of the VRS scheme will be provided by the central government.** The employees seeking voluntary retirement under the scheme will be eligible for a **one-time compensation. In addition, the central government will also cover costs towards pension, gratuity and, commutation of benefits.**

