

The revival of BSNL and MTNL

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In news

BSNL & MTNL turns EBITDA positive within 1 year of approval of revival plan by Union Cabinet

Key highlights

- Within a year of revival plan, the State-owned undertakings Bharat Sanchar Nigam Ltd. (BSNL) and Mahanagar Telephone Nigam Ltd. (MTNL) have turned EBITDA positive in first 6 months of this financial year.
- While for BSNL, EBITDA rose from minus Rs. 3596 crores for half year ended in September, 2019 to positive Rs. 602 crores, for MTNL the corresponding figures were minus Rs. 549 crores in September, 2019, and the current figure, positive Rs. 276 crores.
- According to Department of Telecommunications (DoT) sources, both organizations are expected to reduce their losses by 50% when compared to 2019-20.

Revival package

The Union Cabinet had approved the revival package for BSNL/MTNL in October, 2019 which, inter-alia, included Voluntary Retirement Scheme (VRS), support for 4G spectrum, monetization of core and non-core assets, Sovereign Guarantee for Bonds to be raised by the PSUs and merger of MTNL and BSNL in the short run.

What are the reasons for the better performance?

- The reasons for better performance include a sharp reduction in wage bill due to Voluntary Retirement Scheme (VRS) (nearly 50% workforce of BSNL and 75% of MTNL was reduced).
- Equally important, BSNL was able to maintain their

revenue and cut down on other costs. BSNL is also rapidly expanding its Fiber-To-The Home (FTTH) connections and the progress is being closely monitored by DoT.

- In the mobile segment, market share has increased to 10.36% in October, 2020 as per figures published by TRAI.
- BSNL added over 10 million new customers during this financial year in mobile segment. This has also given fillip to Government's Digital India drive of cashless transactions as online transactions has increased by over 43% in December, 2020 since last financial year.
- BSNL and MTNL have very successfully raised money from the bond route. In the recent bond-offer of MTNL, the issue was subscribed more than 3 times and for BSNL more than 2 times.
- According to DoT sources MTNL/ BSNL have been able to monetize core and non-core assets totalling Rs.1830 crores in 2019-20

What is EBITDA?

EBITDA, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

About Bharat Sanchar Nigam Limited(BSNL)

- BSNL is an Indian state-owned telecommunications company, headquartered in New Delhi, Delhi, India.
- It was incorporated by the Department of Telecommunications, Ministry of Communications, Government of India on 1 October 2000.
- It provides mobile voice and internet services through its nationwide telecommunications network across India.
- It is the largest wireline telecommunications network company in India with more than 60% market share and fourth largest wireless telecommunications operator.

About Mahanagar Telephone Nigam Limited(MTNL)

- MTNL, is a state-owned telecommunications service provider and wholly-owned subsidiary of BSNL headquartered in New Delhi, India.
- MTNL Provides services in the metro cities of Mumbai and New Delhi in India.
- MTNL Provides services in the metro cities of Mumbai and New Delhi in India and in the island nation of Mauritius in Africa.