

Govt plans Rs 8,500 crore VRS for MTNL, BSNL

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NEW DELHI: This could be one of the biggest voluntary retirement schemes (VRS) and early pension scheme offered in the country. The government is planning a near Rs 8,500-crore support scheme for BSNL and MTNL to reduce the large pool of their ageing manpower and infuse fresh life into these ailing telecom PSUs, which are under debt and heavy losses.

Official sources said the two PSUs — despite being seen as a burden on the exchequer — are “strategic assets” in a sector where “government presence is desirable”.

The VRS support for BSNL is estimated at Rs 6,365 crore, while for MTNL — which operates in Delhi and Mumbai circles — it is Rs 2,120 crore. The plan will be backed by a 10-year bond issue, for which large land holdings of these two PSUs can be kept as collateral, sources added.

The support scheme, which will also help these PSUs in accessing 4G spectrum, was decided at a meeting of the Digital Communications Commission (DCC), the top decision-making body on telecom matters.

BSNL, which has a debt of Rs 14,000 crore and had accumulated losses of Rs 31,287 crore at the end of 2017-18, currently has 1.76 lakh employees. The wage bill of these workers is nearly 60% of the revenue the company makes in a year.

The government expects that either through VRS/early pension scheme or via natural course of retirement over the next five-

six years, the manpower of BSNL can be reduced by around 75,000 people.

MTNL, which has 22,000 workers and a debt of around Rs 19,000 crore, spends as much as 90% of its revenue on wages, which is a big drain on finances and limits its capacity to invest in new technologies. A source said over a period of five-to-six years, around 16,000 employees of the company will be retiring. “If this process can be hastened through VRS, the health can be nurtured faster.”

The VRS scheme sought by these companies is based on the ‘Gujarat model’. Under this, an amount equivalent to 35 days of salary for each completed year of service, and 25 days of salary for each year of service left till retirement, is offered.