

BSNL opposes merging ailing ITI with itself

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NEW DELHI: State-owned BSNL is understood to have opposed merging loss making ITI with itself amidst stiff opposition from the employees unions, a move that may not go well within the government as the proposal was mooted by none other than Congress President Sonia Gandhi.

According to highly placed sources, BSNL has informed the Communication and IT Minister A Raja that merger of ITI would severely dent the financial position of the telecom service provider.

The accumulated losses of equipment manufacturer ITI stand at about Rs 2,500 crore and its merger with BSNL may put an additional burden of Rs 1,000 crore, sources said, adding the Board was not in favour of this.

With ITI having one of its manufacturing units in Rae Bareilly in Uttar Pradesh, the constituency of Congress President, Gandhi had mooted the idea of merging ITI and BSNL.

When contacted BSNL Chairman and Managing Director Kuldip Goyal declined to comment saying these are ministerial issues and would not like to say anything.

BSNL, which is trying to convince the employee unions for its public listing, is of the view that merger would erode valuation substantially and thus may not get the right value at the time of IPO.

Either BSNL should be listed prior to its merger with ailing ITI or the proposal should be dropped at all, senior officials said.

Within the Department of Telecom, sources said that Raja is yet to take a call on the issue.

It is important to mention that Raja had recently expressed concern over the slow growth of BSNL and had asked the DoT to work out a mechanism where important decisions could be expedited fast to drive more revenue for the PSU.