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DoT plans alliance between BSNL, MTNL, C-DoT, ITI and TCIL

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KOLKATA: The telecom department is for the first time planning a grand alliance between service providers, [BSNL](#) and [MTNL](#), along with research body C-DoT, gear maker [India Telephone Industries](#) (ITI) and [Telecommunication Consultants of India Ltd](#) (TCIL) to ring in operational synergies among these telecom PSUs.

If the plan were to translate into a reality, these companies will share their telecom assets and buy products and services at preferential rates to optimise central sector resources and withstand competition from private sector rivals.

"Details are being worked out but the mission is to create a seamless value chain where [C-DoT](#) will handle product development while [ITI](#) will do all equipment production which will eventually be bought by BSNL and MTNL," said a senior department official.

The proposal comes at a time when the telecom department is undecided about merging three loss-making state-run entities - ITI, [MTNL](#) and BSNL - as suggested by the Board for Reconstruction of [Public Sector Enterprises](#) (BRPSE).

At present, the telecom department has sought 378 crore in the 12th Plan to upgrade ITI's production facilities while [TCIL](#) will work as a nodal agency for promoting and executing offshore telecom projects in countries with which India has strong bilateral ties. BSNL and MTNL are expected to work closely with TCIL for execution of such overseas projects.

"For DoT organisations, like BSNL, MTNL, ITI, TCIL and C-DoT, to flourish in a competitive market, the individual strengths of these organisations need to be exploited to their mutual advantage. The alliance needs to be recognised to evolve a preferential system for procurement of products and services across these telecom PSUs," says an internal department note with ET.

But a section of officials in government believe the proposed alliance is unlikely to work unless the respective boards of member PSUs are given adequate autonomy. "Any alliance that aims to unlock operational efficiencies can only work if these telecom PSUs come out of the shadow of their administrative ministry and are truly managed by independent boards. Only then, will commercial decisions be taken," said an official had who sat in at recent telecom department meetings where the proposed alliance was discussed.

BK Syngal, who is ex-CMD of erstwhile VSNL (now Tata Communications), however, feels the entire concept is flawed since there are no real synergies between the proposed alliance partners.

"Where are the synergies? We are talking of two loss-making service providers in BSNL and MTNL. An R&D company in C-DoT which hasn't done any pathbreaking research for decades and a virtually defunct telecoms gear maker in ITI that is in the red. If anything, the proposed exercise may prove to be an indirect ploy to tap the fast dwindling cash reserves of BSNL and MTNL to cover the inefficiencies of ITI and C-DoT," says Syngal, without mincing words.

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