

BSNL gets government nod to hive off towers into separate arm

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NEW DELHI: In huge financial relief to state-run telecom companies, the [Union Cabinet](#) has approved hiving off BSNL's tower assets into a separate company and offered Rs 627.20 crore as compensation to [BSNL](#) and its metro counterpart MTNL for surrendering [CDMA spectrum](#) that was auctioned in March this year.

The Cabinet on Wednesday gave an 'in-principle' approval to hive off tower assets, a person familiar with the development said. As a next step, the [department of telecom](#) will constitute an inter-ministerial group for working out the capital and organisational structure of the new company after arriving at market valuation of BSNL's tower assets. This will be then considered by the Union Cabinet, the person added.

The Cabinet green signal to the proposals is set to alleviate financial situations of the two PSUs that had posted massive losses in the previous financial year. BSNL's unaudited loss for the year ended March 2015 stood at Rs 7,265 crore while MTNL posted a loss of Rs 2,893.39 crore.

BSNL, which operates across the country save Delhi and Mumbai, may well unlock an estimated value of Rs 20,000 crore from around 64,500 towers, with more than 50,000 tower sites having optical fibre cable connectivity. This may increase after completion of the next phase of expansion.

"Demerger of the tower business will help unlock the value," said Hemant Joshi, partner at Deloitte Haskins & Sells.

"The demerged entity can improve tower tenancies by making available the towers to all private sectors. This will also lead to better usage of national assets."

BSNL will be compensated Rs 169.16 crore for giving up one carrier of CDMA airwaves in four circles which were auctioned this year, while MTNL will get Rs 458.04 crore from giving up 1.25 Mhz each in Mumbai and Delhi.

The government has gained revenue of Rs 3,997.61 crore from the sale of the auctioned 800 Mhz spectrum for 20 years.

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The government today approved hiving off the state-owned firm's tower business into a new company as well as compensating it and MTNL Rs 627.20 crore for 800 MHz CDMA spectrum that they surrendered.

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DoT will constitute IMG to work out organisational, capital structure of new co

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MTNL will get ₹458.04 crore from giving up 1.25 Mhz each in Mumbai and Delhi

Cabinet nod to two proposals is set to alleviate financial situations of both state telcos