

# JOINT ACTION COMMITTEE OF ASSOCIATIONS / UNIONS OF BSNL EXECUTIVES & NON-EXECUTIVES

*D-7, Telegraph Place, Gole Market, New Delhi – 110 001.*

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JAC/GL

28.04.2012

To,

**Shri R. Chandrasekhar,  
Secretary, DOT,  
Sanchar Bhawan,  
New Delhi – 110 001**

Sir,

Sub: - **Financial viability of BSNL and denial of due benefits to the staff—Request for intervention for finalizing a favorable policy regime and payment of all due benefits to the staff—Req.**

For the first time BSNL posted a loss of Rs 1823 crore in 2009-10 and it increased to Rs 6384 crore in 2010-11 and may increase further in 2011-12. This is due to the policy regime which is totally adverse to the PSU operators, especially BSNL. Any operator providing landline services in rural areas and in urban areas cannot sustain those operations unless maximum compensation is paid for the losses incurred on them. Also, the BSNL fulfilling so many social obligations cannot sustain its business unless it is allowed to procure the equipment for mobile services with the same facilities as allowed in case of the private operators. Since it is a PSU and the incumbent operator, the spectrum has to be provided to BSNL free of cost, as provided at the time of allowing it to start mobile services.

The NTP 1999 as well as the Cabinet decisions at the time of formation of BSNL assured compensation to BSNL fully for the losses incurred on the services socially necessary, but commercially not viable. This commitment was gradually diluted and finally the payment of compensation to BSNL was totally stopped. The cash reserves available with BSNL were drained out by way of the huge amounts collected from it in the name of 3G and BWA spectrum as also a notional loan. BSNL was not allowed to procure the equipment as required for the expansion of its mobile services.

The continuous uncertainty for years together in the matter of absorption of ITS officers in BSNL is resulting in denial of proper management at various levels in BSNL. While the non-absorbed ITS officers are enjoying fully the benefits of pay revision of the 6th CPC, the absorbed non-executives and executives were denied the wage revision on the basis of merger of 78.2% IDA with basic pay and other benefits.

Agitated with this alarming situation, the BSNL non-executives and executives went on one day strike on 15-12-2011 on the issues pertaining to the survival of BSNL and against the denial of due benefits to them.

But there is no improvement in the situation. The draft NTP 2011/2012 and the developments there after regarding the policy matters in telecom sector including the recommendations of the TRAI on the spectrum auction are adding more handicaps to BSNL instead of ensuring its viability. Efforts are being made continuously to put the blame for the losses on the wages of staff and VRS proposal is being pushed through.

In this back ground we request your kind intervention for settling the following issues:

## **A) Issues related to Policy matters:**

### **1. Withdraw the VRS proposal**

In the absence of any large scale recruitment and where every year about 10000/16000 employees are retiring, reducing staff strength drastically, there is no necessity for VRS. Moreover the experience of VRS in other companies including MTNL was that it did not help in decreasing the losses. It is therefore requested to withdraw the VRS proposals. Since the BSNL has to take a huge loan for implementing the VRS, instead of reducing its losses, VRS will only result in increasing the losses to BSNL.

### **2. Immediate absorption/repatriation of ITS Officers**

It is requested to implement the judgment of the hon'ble High Court of Delhi on this issue without any further litigation and end the uncertainty prevailing in the management cadres at all levels.

### **3. Procurement of required equipment without delay**

The procurement and supply of equipments including GSM, BB Modem, Cables, telephone instruments , Trans SMS, MLLN etc and implementation of important business projects like ERP, NGN and Transmission NMS etc is taking a longer time in BSNL due to the procedure involved and also due to funding problem. It is requested to see that the procedures for procuring the equipments for PSUs are on par with the private operators for ensuring the level playing field, with necessary safeguards.

### **4. Compensation for loss making rural services according to policy commitments**

While phasing out the ADC without any justification, the TRAI recommended a compensation of Rs 2000 crore per year for a period of 3 years to BSNL for supporting the sustenance of its fixed wire lines installed before 1-4-2002. The 3 years period ended by July 2011.

Now the TRAI has issued a consultation paper on 26.04.2012 proposing a support of Rs 1500 crore for the first year and Rs 1250 crore for the second year, starting from August 2011. This is an insignificant amount compared to the actual losses incurred by BSNL. As per the available information, the losses to BSNL on the 1.14 crore rural DELs as on 31.03.2003 was Rs 4595 crores. Due to increase in prices of all inputs, the present loss on rural landlines will be double of this amount.

But the TRAI restricted the calculation of the loss on rural landlines in several ways. It restricted the calculation of the loss to the landlines installed before 1-4-2002 and working now. But the expenditure incurred by BSNL will not decrease with the decrease in the land lines since the expenditure is for maintaining the indoor and outdoor plant of the rural areas irrespective of the decrease in the working lines. Also, the calculations of TRAI are not taking into consideration the expenditure on account of depreciation.

Therefore it is requested to see that the policy is framed for granting full compensation to BSNL for the actual losses incurred by it on its rural landlines.

### **5. Free Allocation and Liberalisation of spectrum to BSNL in all bands**

The recommendations issued by TRAI on 23.04.2012 on the auction of spectrum will impose urgency for BSNL to immediately liberalize its spectrum in 1800 MHz band (using the spectrum in this band to provide any service including advanced service, in any technology) by paying the price for the spectrum in that band that will be found in the auction. As per the TRAI, the

minimum spectrum in 1800 MHz band required to be liberalized is 5 MHz and it fixed the reserve price of Rs 3622 crore for pan-India spectrum for 1 MHz. For 5 MHz spectrum, it the reserve price accordingly will be more than Rs 18000 crore. In the auction this price will further increase. Even though the TRAI recommended for payment of the one third of the amount immediately allowing the remaining amount to be paid in 10 years, the immediate burden will be Rs 5000 crore in such case. Subsequently when ever the spectrum in other bands will be auctioned, the BSNL has to either liberalise its existing spectrum in that band or acquire the spectrum in that band if it is not having it. For the spectrum in the bands 900/800/700 the TRAI has fixed the reserve prices at a still higher level compared to the spectrum in 1800 MHz band. This will result in the necessity for payment of a huge sum of money, may be around Rs 40000 crore in the coming few years for liberalizing/acquiring the spectrum.

In this connection it is submitted that since BSNL and MTNL are "State" and the seller of the spectrum is the State, no amount is necessary to be collected from BSNL and MTNL for liberalization of existing spectrum or for fresh allocation of liberalized spectrum in any band. The principle of equality is applicable among the private operators only and not between the PSUs and private operators since the reasons for the existence of PSU is different from the reasons for the existence of Private operators. Para 69 of the Supreme Court judgment on cancellation of the 2G licenses directs the State not to discriminate "between similarly placed private parties". Hence the principle of equality in allocating the natural resources is applicable in the case of allocation to similarly placed private parties and there is no bar against the preferential treatment to public sector in the interest of the people. In China, the PSU operators were allotted spectrum free of cost in the interest of providing cheaper services to the people. The PSU operators in India should be provided the spectrum in all bands free of cost, recognizing them instrumentalities in the hands of the State for utilizing the natural resources efficiently in the interest of the people.

**6. Refund Rs 8313 crore paid by BSNL towards non-standard BWA spectrum which was already surrendered by BSNL.**

We request your intervention for immediate payment of this amount to BSNL without waiting for any auction of the surrendered/any other spectrum.

**7. Immediate cancellation of the licenses of private operators who are illegally providing 3G service without 3G spectrum allocation**

Since the matter is heard by the TD SAT and its judgment is reserved, it is requested to pursue the matter legally for cancelling the licenses of the operators who are providing 3G services without 3G spectrum allocation.

**8. Access Deficit Charge(ADC) should be quantified through appropriate mechanism and paid to BSNL**

This is necessary to compensate BSNL for the losses incurred by it on the landline network as a whole. Without such huge landline network of BSNL which is being maintained by incurring losses, the provision of broadband and internet services on such a large scale would not have been possible. Since the BSNL is thus incurring these losses for maintaining the services which are socially necessary, compensation to it by way of ADC is justified.

**9. Reimbursement of License Fee to BSNL as assured at the time of Corporatisation.**

**10. Refund of "Notional Loan" of Rs 7500 crore with interest collected by DoT from BSNL.**

**11. Pension Contribution payment by BSNL to DoT be limited to only on actual basic pay instead of maximum of the pay scale**

While the rule in case of the Central Government Departments is changed for calculating the pension contribution based on the actual pay of the employee, the BSNL is asked to continue with the previous system of payment of pension contribution based on the maximum of the pay scale of the employee. It is requested to allow BSNL to pay the pension contribution based on the actual basic pay of the employees.

**12. Payment of full compensation to BSNL for the loss making telegraph services being maintained as a social obligation.**

**13. Discontinue all the Telecom Advisory Committees since they are not necessary when multiple telecom operators are providing services and no other companies have TACs.**

***Issues related to the denial of the due financial benefits to the BSNL employees***

**1. Wage Revision on the basis of merger of 78.2% IDA**

The BSNL absorbed non-executives and executives were allowed 30% fitment benefit on their pay+IDA as on 1-1-2007 where as other PSUs have allowed 30% fitment benefit on pay+78.2% IDA. This merger of 78.2% IDA for wage revision was allowed as per the DPE guidelines. While the unabsorbed ITS officers are allowing the full benefit of the wage revision as per the 6<sup>th</sup> CPC, the absorbed non-executives and executives are denied the due benefit in the wage revision. It is causing severe heart burning in the employees. The financial condition of the company cannot be a plea for such a discrimination. Moreover, the wage revision was due from 1-1-2007 and at that time BSNL was a profit earning company. The delay in wage revision cannot be the ground for denying the due benefit. It is therefore requested to intervene so that the fitment benefit of 30% is granted on pay+78.2% IDA to the BSNL absorbed staff with effect from 1-1-2007.

**2. Payment of Bonus(PLI)**

Since the losses to BSNL are due to the policies of the Government and the management, the employees cannot be denied bonus on the ground of losses to the company. Hence it is requested to intervene for causing necessary orders for payment of bonus to the BSNL non-executives and executives.

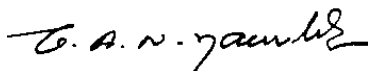
**3. Restoration of Medical Allowance, Leave encashment and LTC**

It is requested to kindly consider these issues favourably meeting may kindly be granted to the JAC for discussion and settlement of these issues.

We shall be thankful for a positive response in this regard.

Thanking you,

*Yours faithfully,*



**[V.A.N.Namboodiri]**

**Convener, JAC**

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