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MTNL EXECUTIVES' ASSOCIATION

CENTRAL HEAD QUARTERS, NEW DELHI

[Affiliated to National Confederation of Officers' Associations of Central Govt. PSUs (NCOA)]

ALL CORRESPONDENCE
TO GENERAL SECRETARY



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Ref. No.: MEA/CHQ/ MOC+IT,

DATE: 02-09-14,

Shri Ravi Shankar Prasad Ji
Hon'ble MOC & IT
Govt of India,
Sanchar Bhawan,
New Delhi.

Subject: Regarding revival and survival of the MTNL

Respected sir

As you know MTNL, a Navratana Central PSU has been consistently growing and contributing to the Government by way of dividends, direct and indirect taxes ever since it came into being in the year 1986, barring the last 3-4 years. MTNL met all its financial obligations with its own internal accruals and without any support from Government during these years. During the last 25 years MTNL, on its part succeeded in meeting its objective and grew rapidly in terms of subscribers' base and earnings. Public in general and Corporates in particular aspiring for state of the art telecom services was provided with such services on demand and whole lot of waiting list was wiped out. Today MTNL is a cross road striving for its survival, not solely because of inefficiency on MTNL part but because of regressive policies adopted by the previous Government by which MTNL was forced to pay huge sum towards unwanted BWA licence and that too through borrowing from banks. This one stroke of was not enough to convert a cash surplus company into a debt ridden company, another blow was when MTNL was forced to pay the pension and other terminal benefits to its absorbed employees out of the revenues earned. MTNL has been serving the debt and making terminal benefit payments out of its revenue which is falling year after year. Of course, the Government has now agreed to pay/reimburse the BWA licence fee and terminal benefit payments but the actual cash flow has to improve so that our existing infrastructure and cable network is rehabilitated and new projects are taken up for improving our top line growth which is declining.

Today also, MTNL's role in Nation building and as a catalyst to control monopoly and crony capitalism in the Telecom Sector and to provide excellent telecom solution on affordable role

cannot be ignored. Besides, social and moral responsibility towards existing and retired MTNL employees and their family who have put in their whole life in serving the Company and nation has to be accepted. All employees and officers of this company are trying hard to revive the company, but for MTNL there is only a limited scope of expansion being restricted only in two metro cities of India. Besides this limitation, there is virtually no working capital to run our daily affairs with regard to maintenance of existing services thus depleting our top line quarter after quarter. Under these circumstances, it will be very difficult to revive this strategically important company without the emergent financial support of Government of India and taking some policy decisions immediately. Therefore we urge your good self to consider the following points for revival and survival of the MTNL-

1. **Permanent MTNL board**— In order to take firm decisions, there has to be a fully constituted Board which, at present, is missing. There is no Director (Technical), who has a very critical role in the changing technological environment. Quick and effective decisions cannot be initiated/taken by the 'looking after'/having additional charge member of the Board. Similarly, for the last 3 months there is no regular CMD and Director(F) has been given the additional charge. Therefore, it is requested to complete the process of Board level appointments.
2. **Additional Capital Investment**---In order to break the vicious circle of not enough revenue due to poor services and poor services due to non availability of working capital in which MTNL is in today , has to be broken so that MTNL is able to provide fault free services to its customers which will improve our customer base leading to robust top line growth and in turn will generate surplus for capital expansion There is a huge demand for MTNL services in both in Delhi and Mumbai but due to poor maintenance we are not able to retain and regain our customers. To achieve this objective, MTNL need cash either by way of capital infusion or by way of interest free/low interest bearing funds.
3. **Explore additional sources of revenue**—due to constrain of being confined to two cities, there is limited scope of expansion. At the most we can regain the subscribers who have left MTNL with the improved services and to some extent improve our market share. It would, therefore, be imperative if MTNL is allowed to venture into new initiative taken by the New Government i.e. Digital India Programme. There is no dearth of expertise and state of the art latest infrastructure in MTNL which was recently added during the last CWG, be it MPLS or thousands of Kms of OFC network. MTNL can play a vital role in providing telecom infrastructure for Disaster Management, City surveillance, and other security and social application in the field of health and education. But the only push that is required is some policy initiatives and financial support

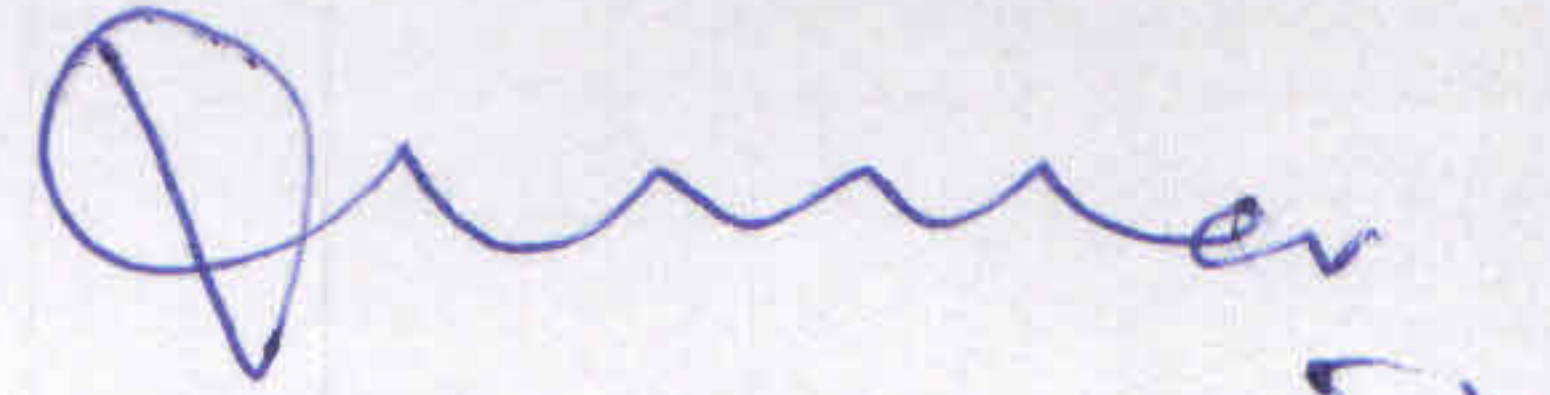
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4. **Merger of MTNL and BSNL**—some of the problems with regard to synergy in services and benefit of scale and volume with pan India presence can be derived if both the entities are merged together. The merger can help in formulating and implementing the policies befitting to the prevailing cut throat competition in the Telecom Sector. Instead of competing with ourselves, we should complete with the other players in the field to provide better, latest state of the art telecom solutions at competitive cost. Therefore, a decision in this regard will definitely give boost to our economy and overall growth of our nation.

Hoping for the favorable decisions on above points in the interest of the company and its employees and also in the interest of Indian Economy-

With Kind regards

Yours sincerely


(V K Tomar)

Copy to:

1. Shri Rakesh Garg, Secretary, DOT for n/a pl
2. Mrs Annie Moraes Member (Fin) DOT for information & n/a pl
3. Shri Ramyag, Member (Services), DOT for information & n/a pl f
4. Shri P K Purwar, CMD/ Dir (Fin) , MTNL for information & n/a pl
5. Shri Sunil kumar Director (HR) for information & n/a pl

