

FORUM OF MTNL UNIONS AND ASSOCIATIONS

T-28A, Atul Grove Road, New Delhi-110001

V.K. TOMAR

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MS-54/Forum/2019/52

To,

Shri. Ravi Shankar Prasad,
Hon'ble Minister of Communications & IT,
Sanchar Bhawan, 20, Ashoka Road,
New Delhi -110001.

Dated -28.08.2019

038639

Sub: Proposals for Revival of MTNL/BSNL – Issues of urgent attention – reg.

Respected Sir,

In reference to Govt's plan for revival of MTNL/BSNL under active consideration, and GoM headed by the Hon'ble Min. of Home Affairs has already submitted recommendations on 16th July, 2019. Draft Cabinet Note on the matter has been deliberated further in PMO in a meeting chaired by the Principal Secretary to the Prime Minister, Shri. Nripendra Mishraji on 20th August, 2019 and directions were given to prepare revised "Cabinet Note" which will be going directly to the Cabinet for final approval.

Since this Forum is endeavored to protect the interest of 22,000 employees of MTNL and prosperity/profitability of the company, we strongly felt an urgent and immediate need to settle the following issues with required sufficient clarity before finalization or initiation of aforesaid proposal of MTNL's revival.

- ❖ Implementation of 3rd PRC/Wage revision before VRS.
- ❖ Revision of Combine Service (Govt) Pension of erstwhile DoT employees.
- ❖ Payment of Difference of Pension of Combine Service Pension optees.
- ❖ Benefit of Pension to EPS 1995 Pension optees.
- ❖ Immediate payment of all pensionary benefits to VRS optees.
- ❖ Sound working plan for striving/driving the company after VRS.
- ❖ Monetization of land assets through SPV to free MTNL to concentrate on its core business activities
- ❖ Counting of casual service in pensionary benefits.
- ❖ Non-requirement of 4G spectrum to MTNL.

Briefs on above points are enclosed in ANNEXURE to this letter.

We wish that above issues shall be looked into immediately and at highest level and necessary directives is issue for settlements of above points before issue of finalization of "Proposals for Revival of MTNL".

Non-settlements above points before implementation of "Proposals for Revival of MTNL" will compel us to resort severe trade union action.

With warm Regards.

Encl.: Annexure containing brief on issues.



V.K. TOMAR
(Chairman & Genl. Secy. (MEA))

Yours faithfully



DHARAM RAJ SINGH
(Convener & Genl. Secy. (MTNL-MS))

Copy to:-

1. Shri Nirpendra Mishra, Principal Secretary to Prime Minister
2. Shri. Anshu Prakash ji, Secretary, DOT, GOI, Sanchar Bhawan, New Delhi
3. Shri. Sunil Kumar, CMD & Director (HR&EB), MTNL.
4. Shri Sanjeev Kumar, Director (Tech) MTNL,
5. Shri Joshi, Director (Fin), MTNL
6. Executive Director, MTNL Delhi/Mumbai.

ANNEXURE

1. **Implementation of 3rd PRC/Wage Revision before VRS**

The prime component of the proposals of "Revival of MTNL" is reduction of employee cost through Voluntary Retirement Scheme (VRS), while grant of "Benefit of 3rd PRC", which is due already & effected from 01.01.2017, is not incorporated in the proposal, thereby accrued legitimate benefits of those opting for VRS will be jeopardised.

It is also understood that Govt is also proposing a highly unethical and threatening agenda of reduce superannuation age from 60 to 58 to be followed by VRS, simply to induce and entice as much employees for VRS at old pay scales, thus denying them their entitled legitimate rights of 3rd PRC pay scales and pensionary benefits wef 01.01.2017.

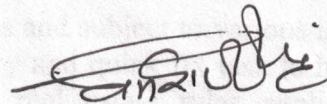
On 28th March, 2018, in the JNC meeting, MTNL Management has agreed that, "the matter will be submitted to the Board of MTNL to consider for recommendation to DoT for implementation of 3rd PRC scales in MTNL. MTNL Management will further request to DoT that "Affordability Clause" shall not be applied in case of MTNL being unique since it has a legacy in which erstwhile Govt. servants have taken absorption at the time of corporatization of Govt. Department, but till date this issue is not settled.

In this regard, we demand to extend benefits of 3rd PRC/Wage Revision prior to implementation of VRS or ensure benefits of 3rd PRC after VRS also.

2. **Revision of Combine Service (Govt) Pension of erstwhile DoT employees:-**

At present Revision of Combined Service Pension of MTNL Employees is arbitrarily and unreasonably linked to subsequent Pay Revisions in MTNL, whereas full pensionary contribution of each such employee is already paid to Govt by MTNL as per govt rule till date of their retirement, thereby rendering the future performance and pay scales of MTNL irrelevant for subsequent pension revisions. There is no relevance and connection of revision of Combined Service (Govt) Pension with future pay revision in MTNL.

Further, Prorata Pension is already revised as per 7th CPC, so should also be done for Combined Service Pensioners. There is big question mark and a clear cut discrimination and disparity, as large numbers of MTNL Employees who have opted for Combine Service Pension from Govt out of Central Civil Estimates are waiting for their revision of pension since 01/01/2017 while pension of Prorata Optee have already been revised as per 7th CPC.



It is worth mentioning that of the large number of employees in consideration zone of proposed VRS, there is high uncertainty whether their pension will ever be revised in future?

MTNL management have already recommended this matter to DoT.
We demand CERTAINTY of pension revision before offering VRS.

3. Payment of Difference of Pension of Combine Service Pension optee:-

MTNL sharing the pension liability to the extent of difference between actual pensionary benefits and the presumptive pensionary benefits based on presumptive pay of the employee on equivalent BSNL Pay scale at the time of retirement. This sharing of liability of MTNL was proposed to cease after 31.12.2016 i.e. in the next pay revision at par with BSNL, which has fallen due wef 01.01.2017.

This issue needs to be cleared before the offer of VRS to clear future uncertainties.

4. Benefit of Pension to EPS 1995 Pension optee:-

It is understood that, DoT proposed to offer VRS to erstwhile DoT employee of age 50+ Years. More than 3000 MTNL employees who had opted and are already getting pro-rata pension from GOI, have also becomes eligible for pension as per EPS 1995 Pension rule for service rendered after 01.11.1998. According to these rules, if employee seeks/allowed pension earlier than age of 58 year amount of pension shall be reduced @ 4% for every year the age falls short of 58 years.

This rule has serious implication for EPS for this section of employees if they opt for VRS. Therefore we demand,

To give a clear time frame for settlement of pension under EPS 1995 under VRS.

To issue clarification wrt the restoration of aforesaid reduction in pension

5. Immediate payment of all pensionary benefits to VRS optees:

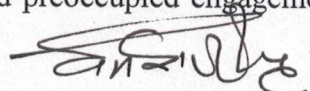
It is understood that VRS is contemplated with deferred payment of retirement benefits over a period of time, putting all such employees at disadvantage and also making VRS less attractive.

We demand that all retrial benefits must be paid one time and immediately

6. Monetization of land assets through SPV

Whole proposal of revival of MTNL revolves around monetization of large number (many hundreds) of real assets land and buildings assets, which it owns in Delhi & Mumbai, both the India highest prices cities.

Its value is many thousand thousands crore of rupees and subject to various land laws and many allotment conditions, which is not an easy and quick fix task to handle. It needs specialized knowledge and experience of real estate rules applicable to respective plots and local bodies, which MTNL is clearly unable to perform with its existing professional talent, working atmosphere and preoccupied engagement in the core business activities.



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It is therefore imperative to free MTNL of the crucial and pivotal task of Real Asset Monetization for concentration of its core business activities by forming a SPV for this purpose to make MTNL a debt free company, otherwise the whole process and endeavor may end into failure with irreparable loss to company, its employees and the country.

7. Sound working plan for striving/driving the company after VRS:

Large number of trained and technical staff is proposed to opt for VRS along with further reduction in retirement age from 60 to 58 years.

With labor intensive working and old network of MTNL, it becomes imperative to make extensive efforts for replenishment of work force to look after the working of system for sustainable business and productivity.

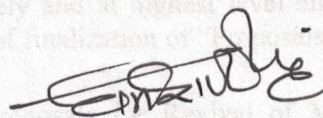
8. Counting of Casual Service in Pensionary benefits.

The Staff Federations is raised the issue for counting of past casual service of casual mazdoor for pensionary benefits and in this respect an agreement was conducted on 6/9/2000 vide letter No. 33-14/2000 SR issued by DDG (SR) but till now same was not be implemented. Therefore this issue needs to be resolved before given to VRS of MTNL employee.

9. Non-requirement of 4G spectrum to MTNL:

As per the past experience, after provision of 2G/3G spectrum, MTNL was burdened with maximum expenditure, but due to non-availability of sufficient fund for CAPEX and OPEX, MTNL could not foll out the GSM services properly and could not increase the revenue ratio in this segment.

Therefore we request your honourable self to kindly drop the issue of provision of 4G spectrum to MTNL and 4G/5G spectrum may please be allotted to BSNL so that BSNL can foll out the GSM services on PAN India basis.



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- 1. Mr. Dependra Mishra, Principal Secretary to Prime Minister
- 2. Mr. Anand Prakash Tiwari, Secretary, DOT, GOI, Sachar Bhawan, New Delhi
- 3. Mr. Sunil Kumar, CMD & Director (IR&PI), MTNL
- 4. Mr. Rajesh Kumar, Director (Tech) NCTDC
- 5. Mr. Jitendra, Director Genl. MTNL
- 6. Executive Director, MTNL Delhi/Mumbai

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MS-54/Forum/2019/51

Dated -28.08.2019

To

Shri Nirpendra Mishra Ji
Principal Secretary to Hon'ble Prime Minister,
Govt of India, New Delhi

Sub: 4G service unviable for MTNL

Respected sir

At the very outset we appreciate and acknowledge the efforts being made by DOT and Govt of India for revival of MTNL and BSNL. But we have our view point on rolling out 4G services in MTNL which seems unviable rather will put MTNL in disadvantageous position. Kindly go through the points which are being put for your kind consideration and proper action.

The first step in BSNL and MTNL synergy should be by allotting the Mobile license to BSNL for Delhi and Mumbai LSA and help MTNL to sell its spectrum to BSNL at the last auction price, for which DOT should fund through equity to BSNL. This will be win-win for all stakeholders. The details are as follows:

Name of Item	Spectrum Rate (Rs in Crore)/ MHz for 240 Months		Spectrum Value	Left Out Value as on 01.10.2019
Number of Months			240	106
Quantity in MHz			5	5
Delhi	2100 MHz	554	2,770	1,223
Mumbai	2101 MHz	461	2,305	1,018
Sub-Total			5,075	2,241
GST	18%			183
Grand Total				2,424

- With very low market share and shrinking revenue base, you will appreciate that MTNL is virtually not a significant Mobile Operator at all in Delhi and Mumbai. On VLR basis, its market share is less than 2%
- Allotting 4G Spectrum to MTNL will further push MTNL in debt trap and probably, if govt. does not support in CAPEX and OPEX for service launch, then even after spectrum allotment MTNL will probably not be able to launch services from Internal accruals and / or Bank loans as envisaged. If any how it does in 24 months, then by that time market will be saturated and MTNL being operator in two cities will not have any unique selling point to gain any significant market share.
- Presently MTNL has asked for 5 MHz spectrum in 2100 MHz in Mumbai and 10 MHz in 1800 MHz spectrum in Delhi assuming that 3G service will continue in Delhi in 2100 MHz and will be closed in Mumbai. There is no point in running 3G services in MTNL as only around two lakh customers of 3G are in MTNL. The new equipment installed in Delhi can be easily upgraded to 4G VoLTE by BSNL, for which approved tender is already in place in BSNL.

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- It may not be out of place to mention, that because of non-payment of site rents to vendors more than 600 sites are down and all other operators have blocked Bulk SMS from MTNL, as IUC charges have not been paid to them.
- On the other hand, BSNL has a huge advantage in becoming Pan India Operator as they can compete in the Market. This will also reduce the cost of 4G launch as the existing Core equipments of BSNL can be used for Delhi and Mumbai, which is otherwise regulatorily not permissible, since active sharing of core equipments are not permitted as per licensing conditions.
- **As mentioned above, the value of 2100 MHz of MTNL 3G spectrum for balance period of life w.e.f. 01.10.2019 is around Rs 2,424/- Crore.** The govt. should fund BSNL through Equity for the same. MTNL should get this amount which they can invest in Wired line business, in which they are already a significant operator. Otherwise the next round of tough competition in Wired line business is knocking at the door and MTNL will not be able to sustain that competition without quick modernization and fund infusion.
- In addition to that the recent investment of around Rs 400 - 500 Crore (Approx.) by MTNL can also be utilized by BSNL for launching the 4G VoLTE services immediately. MTNL should also be compensated for that. For the rest of assets of Mobile MTNL, being takenover by BSNL, can be mutually decided by the two organizations on commercial basis. A committee may be formed in DOT with members from PSU's to arrive at reasonable commercial value and expedite the process.
- MTNL can sell BSNL services in Delhi and Mumbai by having commercial arrangement with BSNL.
- If BSNL desires, then MTNL can run BSNL Mobile Services in Delhi and Mumbai as Managed Services Partner at the commercial arrangement.
- If at all MTNL wants to have Mobile services and provided some niche services in MTNL Name, then they can always become MVNO Operator of BSNL or for that matter, rule permits to become MVNO for any Mobile operators.
- **We are suggesting this extreme step, as we feel MTNL will never be able to either generate fund by internal accrual or from borrowings on MTNL financial statement for leveraging the spectrum allotted to MTNL. Even if it does, then after 24 months, MTNL in two cities will not have any USP to gain any significant market share.**
- **Despite this, If the government still wants MTNL to run 4G Services instead of BSNL running in two cities, then full CAPEX and OPEX funding be done by DOT to MTNL.**

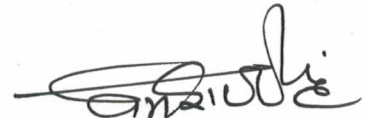
With warm regards,

Yours faithfully



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Copy to:

1. Shri Amit Sah, Chairman, GOM.
2. Shri Ravi Shankar Prasad, MOC.
3. Shri Ansu Prakash, Secretary, DOT

Forum of MTNL-2019

