

FORUM OF MTNL UNIONS AND ASSOCIATIONS

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

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Dated -15.07.2019

MS-54/Forum/2019/45

To,

Shri Ravi Shankar Prasad
Hon'ble Minister of Communication & IT
Govt of India,
New Delhi-110001

Sub: Request for meeting with the representatives of Forum for sharing views for Revival of MTNL.

Respected Sir,

We the thousands of MTNL employees and officers welcome and congratulate your good self on assuming the charge of our Ministry and hope that Indian Digital Communication Sector will reach glorious heights under your dynamic and able leadership.

At this juncture we also take liberty to apprise about the dwindling condition of MTNL and wish to share our view for its revival at earliest. MTNL was incorporated on 1st April, 1986 with a vision to provide world class telecom services at affordable rates in metro cities and a flagship of total solution provider in telecom Sector. Both the areas were very lucrative from the point view of the prospect of growth and business. Also MTNL was cash rich by birth and held a cash reserve of about Rs. 5000 crores and earning an interest of Rs.450 crores annually. MTNL has contributed about Rs.45,850 crores to the Govt by way of taxes, dividend, licence fee etc in addition to providing employment to many thousands.

The MTNL faced its major test in the year 2010 when it was made to cough up 11,097.97 crore rupees for 3G and BWA spectrum as per the dictates of the then UPA2 Government, even though MTNL did not participate in the auction. MTNL was forced to pay this huge amount by taking loan from financial institutions to the extent of Rs.7533.97 crores after erosion of all of its cash reserves. This was a huge blow to the MTNL and after this the company has never recovered.

Till the time, enough fund inherited from the previous regime were sufficient, neither DOT nor Govt cared to think about the inevitable fate of MTNL. They were merely demanding money out of MTNL funds. Problem was perceived only when "water in the bowl touched the bottom". There are many reasons/ causes which have brought the MTNL from profit making to loss making unit.

While giving absorption, the Govt had assured that absorbed employees will never be at disadvantage vis-à-vis Govt employees as per letter No. MTNL/IRW/27(62)/98/ dated November 19, 1998, whereas this gap has widened abnormally after implementation of 7th PRC for government employees. All the Govt employees doing similar work as MTNL employees are getting much more benefits of salary and perks. On the other hand, the perks in MTNL have been totally frozen since 2008. The issue was also brought to the notice of DOT several times. It is needless to state that the **un-absorbed ITS officers working in MTNL are given all the benefits of the 7th CPC and other allowances and perks as and when they are revised by the GOI**, while the same benefit is withheld for the absorbed MTNL employees. The Forum of MTNL Unions and Associations have been demanding immediate implementation of 3rd PRC with full fitment and immediate payment of our salary dues and ensuring timely release of salary and other perks along with pension revision for retired MTNL employees.

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We Forum of MTNL Unions and Associations do not fully agree with the revival package submitted by Management, which relies wholly on Govt support and focuses little on revenue increase, which has been the prime task of company management. The justified demand of our union which is mentioned above is non-negotiable. Nevertheless, it is Govt.prerogative to run this company, yet following suggestions from our side are put forth for long term survival of the company.

Reason for revenue decline: MTNL has 17,000 route kms of optical fiber in Delhi and Mumbai. No other operator has even 50% of this. Despite our repeated demand for investment in Broadband and FTTH, which is the core strength of MTNL even by borrowing a loan, the management has utilized the loans only for salary payments and kept on justifying the decline in revenue to industry condition. Further, Rs.500/- crore investments in Mobile has been done to improve the mobile services in Lutyens zone in Delhi without revenue and business consideration. Even then services are not improved and it proved to be a total wastage as no efforts were made to improve services beyond Lutyen zone.

Solution for Revenue increase:

1. MTNL to focus on Broadband and FTTH, where it still can play a meaningful role. The 3G services, which is now technologically obsolete, the govt can take back 3G spectrum and pay MTNL Rs.3500 crore, which can be immediately used for modernizing the Broadband network so that MTNL can remain competitive in this segment.
2. If government wants MTNL to run mobile 4G VoLTE services, then it should fully fund the investment in Capex and Opex till it becomes self-sustainable, as MTNL will need time to become competitive in this segment.
3. MTNL should be nominated as implementing agency for other Govt.captive work such as online IT Services, Data Center Services and other IT services and Projects, which are funded by Govt.This will ensure security of user and some steady flow of revenue to MTNL. MTNL will be delivering services in most cost-effective manner.
4. Refund of huge pending dues and amount from DOT/BSNL/ITI.

Solution from Debt Trap:

The debt trap MTNL, is a Govtcreation, hence Govt could only bailout from this by converting all loan in sovereign loans with three years moratorium. We have a firm belief that if MTNL focuses on revenue increase, then in three years it will be on very healthy footing.

Solution from Employees Cost:

99% of MTNL Employees were Govt.employees and Govtallured them to get absorbed in MTNL for better conditions. Its Govt'sdecision to intensify competition in telecom sector and MTNL could not keep pace with the same. It's none of the fault of the employees. We thank Govt.for agreeing the pension payments directly from govt at par with BSNL.Now for the next three years Govtshould provide 50% salary support for all employees after implementation of 3rd PRC with full fitment, as if they are retired and pension is being paid.

On three pronged simultaneous action of Revenue increase as mentioned above, and decrease of expenditure by around Rs.3000/- crore due to debt trap and employee expenses, MTNL will come on sound footing. Further, we put on record that, we support following, if the Govt.wishes to do the same.

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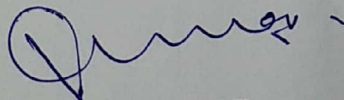
1. **Merger of MTNL and BSNL** : This issue has been hogging the lime light since the last decade and yet the government has not taken any concrete decision on merger of the two PSUs. As more and more Private operators have fled from the market and some have merged, there is no harm in the merger of MTNL and BSNL. There may not be much of a problem in the merger as the implementation of the 3rd PRC would arrive at uniform pay package for the employees of both the CPUs. The major issue of liability of MTNL should be owned by the government so that these two CPSUs combined can generate loads of revenue to the government and improve upon its market share in the long run. **"Can anyone imagine that a company in the Banking sector or Oil sector or insurance sector or Aviation sector or private telecom sector is restricted to operate only in two metro cities at the same time it survive effectively in the competition with its competitors PAN INDIA basis? Thus MTNL, as it was, almost destined to die in due course of time"**. According to us the only way for the revival of these two PSUs and improvement quality Telecom services is immediate merger of BSNL and MTNL.
2. Implement pay scale parity with BSNL while implementing 3rd PRC with full fitment. The discrepancy in some pay scales between MTNL and BSNL. This can be sorted out now with the intervention of DOT and recommendations of the 3rd PRC presently under consideration. This matter can very well be taken with 3rd PRC by DOT and other stakeholders.
3. Revert all MTNL employees back as government employees and do whatever deemed fit for MTNL.
4. Utilize/ Monetize MTNL unused/ underutilized real estate assets in what so ever manner for bringing MTNL back in shape.
5. Fund and introduce standard voluntary retirement scheme (VRS) after implementation of 3rd PRC with full fitment.

Hon'ble Sir, The employees of MTNL sincerely feel that you and only you can take appropriate and effective decision in the above matter for survival of MTNL.

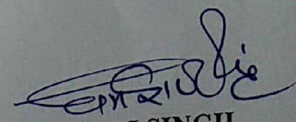
We wish to have a personal audience with your good self to share our views regarding MTNL revival. So kindly spare some time from your busy schedule to meet the representatives of the Forum.

With warm regards,

Yours faithfully,



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



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