

FORUM OF MTNL UNIONS AND ASSOCIATIONS

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

V.K. TOMAR

Chairman & Genl. Secy. (MEA)

Mob. 9868133336

DHARAM RAJ SINGH

Convener & Genl. Secy. (MTNL-MS)

Mob. 9868136466

MS-54/Forum/2018/34

Dated - 10th December 2018

To,

The Secretary
Department of Telecommunication
Govt of India,
Sanchar Bhawan,
New Delhi-110001.

Sub: Essentials for Revival of MTNL.

Respected ~~Sir~~, Madam .

The Government of India on 1st April, 1986 incorporated MTNL as a Limited company to manage and control Telecommunication services in two metropolitan cities Delhi and Mumbai erstwhile Delhi Telephones and Mumbai Telephones. The vision behind this was to provide world class telecom services at affordable rates and ultimately to become total solution provider in telecom Sector. Both the area were very lucrative from the point view of the prospect growth and business, when it was a part of PAN INDIA telecom network and in erstwhile DOT set up. MTNL was cash rich by birth. The MTNL held a cash reserve of about 5000 crores rupees and was in fact earning an interest of Rs.450 crores annually. It was a major contributor to the Government of India by way of taxes, dividend etc to the extent of Rs.45.850 crores.

The MTNL faced its major test in the year 2010 when it was made to cough up 11097.97 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 having completely exhausted its cash reserves. This was a huge blow to the MTNL and after this the company has never recovered.

Till there was enough fund inherited from the previous régime, neither DOT nor Government did care to think about the inevitable fate of MTNL. They were busy with misusing 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 government had assured that absorbed employees will never be at disadvantage vis-à-vis government 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. Many of government employees are doing same work in MTNL, but getting huge benefits of salary and perks. On the other hand, the perks in MTNL have been totally freezed 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 employees of MTNL. The Forum off MTNL Unions and Associations demands immediate implementation of 3rd PRC with full fitment and immediate payment of our salary dues and ensuring timely release of salary and other perks alongwith pension revision for retired MTNL employees.

We Forum off MTNL Unions and Associations do not fully agree with the revival package submitted by Management, which relies mostly on government support and focuses little on revenue improvement, which is the core work of company management. The justified demands of our union which is mentioned above is non-negotiable. It is management and govt.prerogative to run the 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 the same. Despite our repeated demand for investment in Broadband and FTTH, which is the core strength of MTNL by taking 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 consideration. Even then this has not improved the services and it was a complete wastage.

Solution for Revenue increase:

1. MTNL to focus on Broadband and FTTH, in 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 wired network so that MTNL can remain competitive in this segment on its own strength.
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 central govt.This will ensure some steady flow of revenue to MTNL. MTNL will be delivering services in most cost-effective manner.
4. Refund of huge amount from DOT/BSNL/ITI.

Solution from Debt Trap:

The debt trap MTNL facing is a govt.creation, hence govt.should 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 govt.allured them to get absorbed in MTNL for better conditions. Its govt.decision to intensify competition in telecom sector and MTNL could not keep pace with the same. It's none of the fault on part of the employees. We thanks govt.for agreeing the pension payments directly from govt at par with BSNL.Now for the next three years govt.should provide 50% salary support for all employees after implementation of 3rd PRC with full fitment, as it 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.

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 any one imagine that a company in the Banking sector or Oil sector or insurance sector or Aviation sector or private telecom**

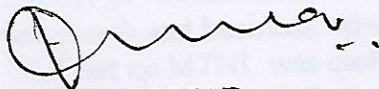
sector is restricted to operate only in two metro cities at the same time it survive effectively in the competition with its competitors PAN INDIA basis ? Thus MTNL, as it was, almost destined to die in due course of time". According to us the only way for the revival of these two PSUs and improvement 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.

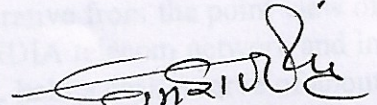
Hon'ble ^{Madam} ~~Sir~~, The employees of MTNL sincerely feel that you and only you can take appropriate and effective decision in the above matter to survival of MTNL.

With warm regards,

Yours faithfully,



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



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

O/c

Copy to:

1. Shri Virjesh Upadhyay, General Secretary, Bharatiy Mazdoor Sangh, New Delhi for kind information and necessary action.
2. The Additional Secretary, DOT, GOI, Sanchar Bhawan ND for kind information.
3. The CMD, MTNL New Delhi for kind information.
4. Shri SVS. Subrahmayam, Secretary General ITEF, New Delhi for kind information.
5. Shri V.K. Tomar, General Secretary (MEA) for kind information.

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श्री. एच. ए. सिंह के माध्यम से
मटे.सि.सि. निगम कार्यालय / MTNL Corporate Office
5th Floor, Mahanagar Dूरसंचार सदन
9, सी.जी.ओ. कॉम्प्लेक्स, लोधी रोड, नई दिल्ली-110003
9 C.G.O. Complex, Lodhi Road, New Delhi-110003