



**ALL INDIA BHARAT SANCHAR NIGAM LIMITED OFFICERS' ASSOCIATION  
CENTRAL HEAD QUARTERS  
KEY NOTE ADDRESS**

**BY**

**SHRI RAKESH SETHI, GENERAL SECRETARY, AIBSNLOA  
IN THE OPEN SESSION OF THIRD ALL INDIA CONFERENCE  
HELD AT CHENNAI ON 5<sup>TH</sup> FEBRUARY 2019**

It is a matter of great pride and privilege for us to have such a distinguished gathering in this Open Session of the Third All India Conference of All India BSNL Officers' Association, at Chennai, Tamilnadu one of India's largest cities and one of its major ports. A city of commerce, transport, and manufacture, Chennai is the dominant urban centre of South India. Chennai has been rated the Safest city in India, by a survey on Quality of Living rankings made by Mercer, a global consultancy firm.

2. We take pride in having amongst us here, a customer owning the oldest telephone line in the city. This landline telephone has been working ever since 1924, taken in the name of Indian Commerce and Industries when Oriental Telephone Company Ltd of England started services in the city. The telephone number has changed a number of times during the period, starting from a 3-digit number then, but the bell continues to ring in the same premises in a BSNL telephone. Shri Ramesh Kumar in the dais is the fourth generation Head of the company and carries the legacy of the company along with this telephone connection.

3. After Independence, Pandit Jawaharlal Nehru organized telephones and telegraphs services under State domain in order that telephone services previously considered a luxury and owned only by elite people, reach the common man. BSNL carries the legacy of the organization, initially under Department of Posts & Telegraphs and then the Department of Telecommunications.

4. Bharat Sanchar Nigam Limited was formed in the year 2000 by corporatizing the service provision functions of the erstwhile Department of Telecommunications. This was done in pursuance of National Telecom Policy 1999. Availability of affordable and effective communications for the citizens was at the core of the vision and goal of the telecom policy. The other objectives were to strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country's economy and to encourage development of telecommunication facilities in remote, hilly and tribal areas of the country.

5. In order to remove the concerns of the employees about financial viability of BSNL, the Government then assured that **"under no circumstances the Government would allow BSNL to become non-viable as it has to be always kept in a strong and healthy condition."**

6. Since then, BSNL has been discharging the social obligations of the Government of India by providing services in remote, hilly, tribal and rural areas in spite of incurring losses. But the Government and the Department of Telecommunications (DoT) have never kept the assurance of ensuring financial viability of BSNL. It is a hard fact that, DoT which has to nurture and oversee the growth of BSNL, has been using its power as the nodal department oppressively, unjustly and arbitrarily. BSNL Management has never been given the autonomy in decision making, with DoT controlling every decision. The successive Governments have just stopped with announcing now and

then in open that they want to ensure that BSNL stays strong. The Governmental institutions like TRAI, TDSAT etc appear to have different yardsticks for BSNL and the other private players.

7. BSNL was allowed to enter mobile services very late after ensuring that the private operators had established strong roots. Still, BSNL offered wonderful services without any hidden costs and became the Number 2 in Mobile services in just one year after its entry. Charging for incoming calls became the thing of past only after entry of BSNL. BSNL was making profit till the year 2008-09. Then started the onslaught on BSNL.

8. The Access Deficit Charges (ADC) compensates basic telecom operators for the services on which they do not recover the cost of operation. These include telecom services in rural areas, local call charges, provision for free calls etc. This is considered essential to make basic telecom services affordable to the common man. TRAI gradually reduced the ADC charges and finally abolished it in 2008, at the behest of the private operators who had been paying ADC to BSNL which owned a vast network of basic services. Getting funds from the Universal Service Fund for carrying out Government projects in hilly and remote terrains has never been easy.

9. In a bizarre development, BSNL had to pay around Rs. 12,500 crores to the Government in the name of interest to a Notional Loan of Rs. 7,500 crores at the time of its formation. BSNL had not demanded any loan nor was it given one. This amount is yet to be refunded by the Government.

10. And then, BSNL had to pay Rs.10,186.58 crores for 3G spectrum and another Rs.8313.8 crores for BWA spectrum, which depleted its reserve funds. In a peculiar procedure, BSNL was not allowed to participate in the auction process but had to match the highest bid in each circle. Unlike private operators, who made informed commercial bids based on their respective business plans in each circle, BSNL was allotted 3G spectrum in all its service areas without being given any choice in the matter. Thus, all the other operators paid much less in absolute terms than BSNL for 3G spectrum. Excluding Delhi and Mumbai, Bharti paid Rs 5,731 crore, Vodafone Rs 5,054 crore, Aircel Rs 6,499 crore, Reliance 2,021 crore, Tata Rs 5,864 crore and Idea Rs 5,769 crore. BSNL was allotted the non-standard BWA spectrum and therefore had to struggle with DoT to surrender the spectrum in a few circles. After prolonged delay, the Government agreed to it with the condition that refund for the surrendered spectrum will be possible only after auctioning the spectrum and will be limited to the auction amount. It is not known whether the amount has been refunded.

11. In another issue affecting BSNL finance, BSNL was asked to pay pension contribution in respect of its absorbed employees to the Government of India, at the maximum of the pay scales citing an irrelevant Fundamental Rule 116. This rule meant for those who are on deputation from Central Government to other departments/PSUs and cannot be applied for those who have got absorption in the PSU. DoT had repeatedly committed in the Memoranda of Undertaking with BSNL for successive years that it will ensure pension contribution on actual pay. Even after DoP&T issued orders modifying the pension contribution for employees on deputation 'on actual pay' w.e.f. 1.1.2006, DoT failed to get it implemented for BSNL employees. It has been estimated that BSNL has paid Rs.12000 crores in excess to the Government on this count alone. DoT sought to ignore a Cabinet decision on 26.12.2013 regarding change of methodology in pension contribution as per FR 116 for MTNL employees. Maybe it wanted to avoid similar methodology implemented in BSNL.

12. While overtaxing BSNL on many counts, DoT also failed to discharge its responsibilities when BSNL was fighting for refund by the Income Tax department, Rs.7000 crores TDS recovered and paid by the private telecom operators to Income Tax department while making IUC payment to BSNL. Earlier in 2008, the Delhi High Court had ruled that no tax would be deducted at source on payments to be made by private players like Bharti and Vodafone and others to PSUs, MTNL or BSNL, for getting interconnection. The court in its order had pointed out that, "the interconnect charges/port access

charges cannot be regarded as fees for technical services". After prolonged struggle the amount was refunded in instalments. BSNL was thus made to suffer financially, while it urgently needed funds. On the other hand, DoT has not yet handed over of the fixed assets in the form of lands and buildings to BSNL, even after 18 years of its formation.

13. BSNL's efforts for expansion was crippled by repeated cancelling of tenders, once at the intervention of the then Minister too. That had crippled BSNL at a crucial stage and it is unable to recover from the damage caused by the delay till now. In spite of all these, BSNL continues to serve the people of India through the prestigious Digital India programme, contributing in two three areas like National Optic Fibre Network (NOFN), providing Wi-Fi hotspots at commercial places, Mobile Wallet service under the Prime Minister Jan Dhan Yojana and delivering m-governance services like Digital Mandi, Kisan Seva among others.

14. BSNL Management on its part contributed to the situation by slow pedaling on restructuring of the organization, although it had sought for and obtained suggestions from one or another consultant now and then. It failed to fruitfully retrain and redeploy the employees considered surplus due to fast advancement in technology during the period. BSNL Management, which is dominated all these years by the officers of ITS grade could not effectively take up with their own brethren, controlling the DoT, for resolving restoration of justified ADC charges, reimbursement of licence fee, continuation of compensation for loss making rural services, pension contribution by BSNL to DoT on actual basic pay, physical transfer of assets to BSNL etc.

15. DoT also played havoc on the career and HR issues of BSNL Executives. It refused to implement DPE orders on pay fixation with 78.2% fitment w.e.f. 1.1.2007 and when implementing it belatedly, denied arrears for six years although the agreement between BSNL and the unions was only deferment of arrears, scuttled proposals from BSNL on replacement of E1, E2 scales with E3, E4 scales and upgrading other scales and now pay revision w.e.f. 1.1.2017 with 15% fitment. BSNL Executives were granted lower pay scales at the time of absorption in BSNL comparing to their counterparts in MTNL, on the ground that BSNL employees will get pension paid by the Government for their combined service, while MTNL has no such provision. But later in 2013, the Government decided payment of pension on combined service, by the Government to MTNL employees also. It was then stated that the pay scales of BSNL and MTNL executives will be brought at par, at the time of pay revision w.e.f 1.1.2017.

16. All through the years, BSNL has stood for the People of India, making telecom facilities most affordable, compelling other operators too to fall in line, reaching to people in rural, remote and terrorism-prone areas, providing services to the forces guarding the Nation, remaining the only reliable network during natural calamities and of all, implementing the social obligations of the Government of India. All these have been possible only because of the dedication and commitment of the employees of BSNL, who have slowly but steadily shed their past Government Servant mindset and transformed to meet the requirements of a customer satisfactorily.

17. Regardless of all the challenges faced by it, BSNL continues to stand high, surviving all the onslaughts and the recent predatory pricing by a new entrant. When major private players faced drop in customer base and first-time losses, a few other players had to quit. BSNL suffered deep decline in revenue as it had to lower the tariff to match the tariff of the new entrant Reliance JIO. However, BSNL managed to add customers throughout the period. In fact, Net percentage subscriber additions of BSNL is the highest at 11.5% in 2017-18, while industry statistics revealed that competitors Bharti Airtel grew at 9.5%, Vodafone at 3.8% and Idea at 3.2% during the same period. The net user additions reflect that over 11.3 million have joined BSNL's network from rivals in 2017-18. The latest Telecom Regulatory Authority of India data for November 2018 puts BSNL's wireless subscriber base at 113.78 million up from 111.68 million in March 2018 and 101 million in March 2017. Smaller operators such

as Reliance Communications and Tata Teleservices were forced to exit the sector, and Aircel declared bankruptcy.

18. With consolidation taking place in Telecom Industry, it is expected that finally there will be only three to four telecom service providers. BSNL will be one among them.

19. Now, BSNL employees are being denied their due pay revision after 10 years of the previous pay revision, in the name of 'affordability', without considering the fact the losses faced by BSNL are due to the activities of DoT/Government elaborated in the previous paragraphs and BSNL employees cannot be asked to bear the cross.

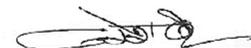
20. And the irony of the whole issue is that the ITS officers, who have been managing the affairs of BSNL from top to bottom all these years without taking absorption in BSNL, have got their pay revision as per the recommendations of Seventh Central Pay Commission, with BSNL paying their salary and allowances, and the 'affordability' of BSNL has not stood in their way. On the other hand, BSNL's own employees are being denied their due pay revision for no fault of theirs.

21. Recently, Indian Institute of Management, Ahmedabad has submitted an interim report on Revival/ Restructuring of BSNL, after assessments at the strategic level for BSNL. The report admits that since BSNL is 100 % government owned, it is often subject to the delays and decisions made by the government. While the government has transferred its liabilities (workforce) to BSNL, the transfer of land and building assets are yet to be completed. There seems to be a lot of confusion surrounding the ownership of the land and building assets of BSNL. The report is hard on BSNL for its lethargic approach for utilising its available 4G spectrum. "While BSNL was given spectrum in the 2500 MHz band (a 4G band), the ecosystem was not well developed at that point in time. BSNL wanted to return that spectrum. It is not clear why BSNL did not opt to use its 2100 MHz spectrum for 4G. The ecosystem for this band is well developed and is currently being used by various private operators. While BSNL could claim delays in 4G spectrum allocation by DoT, effectively, it has shown little initiative in using its existing spectrum for 4G. This indicates a lack of proactive approach to competition". IIMA has also made a slew of suggestions for restructuring the organization, which includes reduction in retirement age to 58 and VRS to 50% employees above the age of 50. Digital Commission (previously Telecom Commission) is meeting today and is likely to deliberate on the report.

22. Apart from the pay revision, the main concern of BSNL Executives is their career progression. Due to number of court cases on seniority, a large number of Executives have retired without getting their due promotion. Though some relief was there for some cadres, there is stalemate again due to fresh seniority issues and contempt cases. BSNL recruited young Executives, in their aspiration for early promotions went to court stalling the promotions of the seniors. Now they find themselves at the receiving end, unable to get even one promotion after 18 years of service. While all should desist from approaching court and should allow the promotion process to move on smoothly, the Management should device and implement without delay a fast-track mechanism for promotion to all grades, to satisfy the aspiring young Executives who will run the organization for the next several decades.

23. AIBSNLOA has a large number of such youths, who are being groomed to take the leadership in the future and carry on the legacy of AIBSNLOA – **"Speak only the truth; Do only the right thing."**

Thank you!



**Rakesh Sethi**  
General Secretary