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No. AIBSNLOA/CHQ/2017/32

Dated: 10th August 2017

To

Shri Anupam Shrivastava,
Chairman and Managing Director,
Bharat Sanchar Nigam Limited,
New Delhi.

Subject: Implementation of Revised Pay scales recommended by 3rd PRC and approved by Government of India with 15% fitment benefit in respect of BSNL Executives – reg

Ref: DPE OM No.W-02/0028//2017-DPE (WC)-GL-XIII/17 dated 3rd August 2017

R/Sir,

This is with reference to DPE OM cited above regarding implementing Government decisions on the recommendations 3rd PRC on pay revision of Executives of CPSEs.

2. The OM has been received with a sense of disappointment by many as it has not mentioned anything about exempting BSNL from the 'affordability' clause, a demand initiated by this Association and later taken up by all. Everyone expected a positive response from the Government since BSNL had judiciously presented its case for exemption from 'affordability' clause.

3. But still we feel that there is no need for losing hope, as there is scope within the ambit of the DPE Orders to allow 15% fitment benefit to the BSNL Executives. We are confident that BSNL can push forward its case for revision of pay with 15% fitment benefit in respect of its Executives with DoT, as per provisions of Para 18 of the said DPE OM dated 3.8.2017. It is important to mention here that BSNL is not a sick CPSE and its name remains in the list of Miniratna Category-I CPSEs as on May 2017, with a net worth of Rs.45,418 crores.

4. Our confidence is based on the fact that **the affordability clause was very much there in the Government decisions on the recommendations of the 2nd PRC** circulated vide DPE OM No.2(70)/08-DPE (WC) dated 26.11.2008, with the only difference that the 2nd PRC stipulated 'not more than 20% dip in PBT **for the year 2007-08**', and the 3rd PRC has stipulated 'not more than 20% dip in PBT **for the last three financial years** preceding the year of implementation.' The DPE OM dated 26.11.2008 for implementation of 2nd PRC recommendations had also provided for 'a uniform lower fitment benefit of 10% or 20%, depending upon their affordability'. **Even then Executives of MTNL were granted pay revision w.e.f. 1.1.2007 with**

the highest admissible fitment benefit of 30% despite MTNL incurring consecutive losses for several years before. This was possible because although the DPE had stipulated 'affordability' as a condition for pay revision, it had left the decision of pay revision to the concerned CPSE and the administrative Ministry/Department.

5. The DPE OM cited under reference, under Para (c) of Annexure-II specifies that "There are also certain CPSEs which have been formed as independent Government Companies under a statute **to perform a specific agenda/regulatory functions... There is no budgetary support provided by the Government to such CPSEs.** In consideration of the impact of the revised compensation structure (including Performance Related Pay) would supposedly for the part of the revenue stream for such CPSEs, **the affordability condition shall not be applicable to these CPSEs;** however the implementation of the same shall be subject to the approval of the Administrative Ministry upon agreeing and ensuring to incorporate the impact of the revised compensation structure into the revenue stream."

6. BSNL was formed with a Mission to provide world class, state-of-art technology telecom services on demand at affordable prices and to provide world class telecom infrastructure **to develop country's economy.** At the time of Corporatisation, while approving HRD and financial issues arising out of the corporatisation, the **Union Cabinet had assured that "Government will consider and provide a package of measures so that the viability of BSNL is not impaired because of implementation of any socially desirable uneconomic activity, such as rural telephony, undertaken by BSNL at the behest of Government."** The erstwhile DoT employees opted for absorption in BSNL based on this assurance along with other assurances which included the one regarding their pension.

7. **Since then, BSNL has been discharging the social obligations of the Government of India by providing services in remote and rural areas in spite of incurring loss because of these services. BSNL employees are in no way responsible for the recurrent loss to BSNL. In the words of Shri Ravi Shankar Prasad, former Minister of Communications, the loss was due to "inadequate investment in infrastructure expansion in recent years leading to delay in expansion of mobile network" and the company was also made to pay "market rate (of Rs 18,500.38 crore) for both 3G and broadband wireless access (BWA) spectrum".**

8. **It is also a hard fact no other CPSE in the country's history has ever faced such a fierce competition from the private competitors, as the one faced by BSNL from the private telecom operators. It should also be remembered that the Telecom Industry is itself in a disarray today with losses mounting for all private operators due to the cut-throat competition. Therefore, BSNL should not be equated with any other CPSE.**

9. Another important aspect to be kept in mind is that BSNL needs to attract and retain talent preventing exodus due to higher wages offered in private sector. Revision of pay scales with a decent salary will alone act as dampener against migration of talent to other companies.

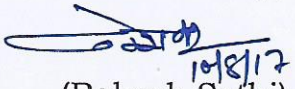


10. We hope that the Government of India which assured 'financial viability' in order to convince the employees to take absorption in BSNL will not desire a situation where the employees are denied their due pay revision in the name of financial 'affordability'. Such a situation if allowed to happen will squarely affect the morale of the employees at a time when signs of impending turn around by BSNL are clearly visible.

11. We assure you that all the BSNL Executives are firmly behind your resolve to bring BSNL back to its glory and your endeavour to get pay revision with 15% fitment implemented in BSNL. We request you to continue your efforts by pursuing the issue at the highest levels to convince the Government of its obligation to BSNL employees, in the larger interests of BSNL as well as the People of India who have been benefited by lowest tariffs due to presence of BSNL in the arena.

With kind regards,

Yours sincerely,


10/8/17
(Rakesh Sethi)
o/c General Secretary

Copy to: 1. Ms. Aruna Sundararajan,
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2. Ms. Sujata Ray,
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