



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 SECOND ALL INDIA CONFERENCE
HELD AT KOLKATA ON 10TH APRIL 2015**

It is a matter of great pride and privilege for us to have such a distinguished gathering in this Open Session of the Second All India Conference of All India BSNL Officers' Association, at Kolkata, one of India's largest cities and one of its major ports. A city of commerce, transport, and manufacture, Kolkata is the dominant urban centre of eastern India. Kolkata has been home to prominent people such as Thakur Shri Ramakrishna Paramhansa, Maa Sarada Devi, Swami Vivekananda, Rabindranath Tagore, Subhas Chandra Bose, Maulana Abul Kalam Azad, Mother Teresa and Satyajit Ray.

2. At the outset I would like to proclaim that our members are devoted, committed, truthful, sincere and hardworking Executives, belonging to all disciplines of BSNL and their relentless fight against all odds to extend satisfactory service to the customers make me proud and self-confident. It is because of these exclusive qualities of our membership, we are able to look at issues differently, think differently and act differently without fear and without seeking favour.

3. Due to the same qualities, we firmly believe that despite the current difficulties BSNL can make a turnaround in the near future, while everyone else is seeking to forecast a bleak future for BSNL. We are not trying to ignore the ground realities while making such an optimistic statement. We are aware that the Government of India has never been helpful during the past and present, whichever party has been or is in power. Successive governments have used and continue to use BSNL only as an instrument for meeting its social obligations by providing connectivity in loss-making areas which the private operators do not want to explore. Although much has been talked of the level playing field, the balance always stands tilted in favour of the private operators. The Government has kept all controls with it and has never allowed BSNL to function with full autonomy. DoT which represents the Government has also done nothing although it had committed to do so many things in the Memoranda of Understanding between DoT and BSNL since the year 2011-12 onwards. DoT had committed re-imbursement of deficit on account of commercially non-viable services like rural wireline, refund of upfront BWA spectrum License fee, Center/State governments and PSUs to give priority to BSNL for their telecom service requirement, Pension Contribution on actual pay drawn and no levy of charges towards additional spectrum, as recommended by TRAI. But DoT has not kept even a single commitment made in the MoUs. On the other hand, all policy decisions by DoT/TRAI in respect of ADC, Spectrum, USO Fund, IUC etc have gone in favour of private players. It is difficult to perceive TRAI, an independent regulator as synonymous with impartial regulator. According to official figures, an amount of Rs 1,142.72 crore is outstanding against the private operators towards the payment of interconnect usage charges to BSNL. Out of this outstanding amount, an amount of Rs 1,002.92 crore is disputed and is sub-judice. And then, in 2006 we could not expand as planned due to cancellation of tender for large capacity addition, due to government interference. Again in 2008 the then Communications Minister gave away large number of new licences leading to cut throat competition. We have taken up these issues several times with all, including the previous and the present Prime Ministers. TRAI's recommendation to take back 1.2 MHz spectrum in the 900 MHz band from BSNL from all LSAs where the licences expire in 2015-16, is another

matter of concern. Therefore, our voice against the bad treatment meted out to BSNL by DoT/Government should be understood as an effort to strengthen the hands of BSNL Management.

4. BSNL will be reporting loss for a consecutive sixth year in 2014-15. Our respectful CMD has said with optimism that “BSNL has been making losses mainly from depreciation of assets and administrative costs, which account for 55% of the total revenues. We are comfortable as far as EBIDTA levels are concerned. With a top line of Rs 28,000 crore and debt of Rs 4,500 crore, the situation is not that bad, though it is critical and can be revived. The first priority is to change the direction of the company in such a way that losses get reduced year after year and there is enough compensation on depreciating assets.” It is also a fact that Telecom operators in the country had a total debt of Rs 2,42,896 crore on their books in the year 2013-14. Of the total debt, the share of BSNL stood at Rs 4500 crore or 1.9 per cent. But the cause for concern is that we are loosing customers not only in landline and mobile but also in broadband, where we were number one till now. The truth is that we are not able to meet the quality standards expected by the customers today. While call drops, muffled speech and poor in-house coverage are the reasons for customer dissatisfaction in mobile, faulty lines, delay in restoration of faults and poor broadband connectivity due to such faulty lines are the reasons for down trend in our services. Phase VII expansion is expected to be completed by June this year and we can hope that, with addition of nearly 27000 towers, the overall network quality and reliability are likely to improve. But a lot remains to be done in restoring the health of our copper wire network. Our ‘buried asset’ has been under-utilised and left to rot for years. Now a large scale exercise will be required to identify, locate and repair the faulty pairs/cables. BSNL should not avoid spending on this count and adequate materials should be supplied. Apart from this, still we carry a poor image about customer service, although there has been considerable improvement during the past few years. A slew of initiatives was announced through ‘Awareness Session on growth and development of BSNL’ on 30.11.2013, proposing involvement of employees and officers and their unions and associations. Majority of the listed out proposals sought to change the direction of the company and appeared to be implementable. AIBSNLOA held meetings throughout the country on 8.1.2014 observing the day as ‘Translate Strategy Day’ and the response from our members was very encouraging. AIBSNLOA started putting up BSNL Ads in its website since then and also introduced a suggestion box in the website where innovative views of BSNL Executives poured in. While the other unions and associations failed to respond seriously, the Management itself did not pursue the effort further. A massive exercise is required to impart behavioral training for all employees and to sincerely involve the unions and associations.

5. All of us should remember that People of India still trust BSNL because of our low tariff, transparent billing and absence of hidden costs. We can enhance that trust by putting the right persons in customer service centers, improving online complaint redressal procedures, active using of social media to project our strengths, plans and tariff and introducing methods to get customer feedback after resolution of complaint through customer satisfaction codes. As far as brand visibility is concerned various steps have already been taken for using public spaces for advertisement. Sales and marketing however continues to be our weakness.

6. Meanwhile BSNL is busy with various developmental activities. BSNL plan for Augmentation of broadband Network by additional 3.2 Million ports has been taken up. Migration of Wireline customers from legacy Network to Next Generation Network (NGN) will be done in the near future. Work for Augmentation of Optical Fibre network is also in progress. Implementation of Enterprises Resource Planning (ERP) system is in full swing. BSNL has been given the responsibility of executing DoT’s work of building alternate communication infrastructure for Defence(NFS) and executing BBNL’s part work/project of high Speed Broadband connectivity to Panchayats (NOFN). BSNL is expanding its WI-Fi network all over India and is setting up Wi-Fi hotspots in public spaces. BSNL mobile customers will be able to access these public WiFi network to offload their data.

7. There are ample opportunities for BSNL to increase its revenue. Mobile data traffic is expected to grow three times faster than fixed traffic in the period 2014-2019, driven by more devices and users, as well as faster networks, according to the latest forecast from Cisco. Telecom in 2015 will revolve around growth opportunities tied to a dramatic increase in data consumption. The significant trends that shape mobility in the coming year will be providing VAS in the areas of governance, commerce, health and education, with a need for customization according to the demographic segment. Mobile wallet services will be an important VAS. BYOD - Bring Your Own Device will create an ever-increasing demand to stay connected anytime-anywhere. With Smart Cities and Digital India becoming a key initiative of the Government, the next year will see execution on that front in full swing. Office in a Box, Internet of Things, M2M - Smart Devices that can communicate two way for remote monitoring and control via wireless based Mobile communication systems and ever increasing Mobile APPs are other few to mention.

8. Future lies in Data, not voice calls or SMSs. Mobile handset data and fixed and mobile broadband will be the most important revenue growth areas, driven by higher data usage and increased penetration of smartphones and broadband services. According to CARE ratings, a top credit rating agency in India, with increasing penetration and a gradual fall in prices, mobile data will drive up the share of non-voice revenue for telecom operators. Share of revenue from non-voice usage will increase to 25%-30 % in the next two years from the current levels of around 20%. Mobile data now accounts for 50% of the total non-voice mobile revenue of telecom operators. Smartphones are now available at a price of as low as Rs 4,500, while several models of tablets are also available in the price band of Rs 6000-7000. "The increased affordability of smartphones and tablets is playing a major role in taking mobile internet to telecom subscribers. According to industry estimates, the number of smartphone users in the country is expected to be over 100 million by the end of 2014." Higher mobile data traffic will provide alternative revenue streams for telecom service providers and contribute to better profitability. Improvements witnessed in EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) margins of telcos are associated with the increase in data usage per customer and data traffic aided by growth in data ARPU. Therefore BSNL should focus its efforts to increase data usage by customers by popularizing already existing BSNL products such as BSNL Live, Mobile TV, BSNL Apps, BSNL Tunes, BSNL Music Service, Dial a Video, Dial a TV and so many other VAS products offered by BSNL along with Content Providers. Intelligent spending on Marketing Campaigns is a must and should not be avoided in the name of curtailing expenditure.

9. As far as the issues concerning the employees, our CMD has made it clear that BSNL employees could expect a positive pay revision in the year 2017, only if we show profit before that. All the pending HR issues like E2, E3 scales for JTOs, SDEs and equivalents, Pension scheme for BSNL recruited employees are being linked to finalization of BSNL HR Plan. The new BSNL HR Plan based on the recommendations of Deloitte Consultants will only adversely affect the efficient functioning of the system. The consultant has taken the number of DELs as a yardstick for arriving at the strength of these executives, even for calculating the strength of executives in sales, marketing, CSD etc. It is quite unscientific and unrealistic to use DELs alone, since BSNL's business has expanded to mobile, data, VAS, Enterprise Business and many other areas. This confirms our fears that the consultant has worked only towards recommending manpower in such a way to bring down expenditure on staff, without taking care of a strategy for sustainable revival plan for BSNL.

10. Any successful organization has to strike a balance between fulfilling the aspirations of youngsters for fast track promotions and fulfilling the expectations of the seniors for time bound functional promotion, since it is because of their hard work and experience such a huge infrastructure has been built through so many years. While there is growing frustration among qualified youngsters, the seniors retire every month without getting their due promotion. Executive Promotion Policy should be modified in such a manner that Time bound financial up-gradation is replaced by time bound functional promotion upto the level of SG JAG as was assured at the time of absorption. The contention that, in

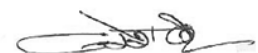
that case the number of executives in higher pay scales (DE/DGMs) will increase whereas availability of executives at operational levels (JTO/SDE) would decline further is not true since non-availability of JTOs is a result of failure of BSNL in recruiting JTOs to the extent of sanctioned strength and as a consequence SDE strength has been also less. Further there has been no promotion from JTO to SDE grade under seniority quota for the past four years, with nearly 6000 vacancies of remaining unfilled. On the other hand, there is continuous reduction in DE/DGM strength due to retirements. BSNL Management should look for expertise in sales and marketing within the BSNL Executives before going for outside recruitment of Management Trainees. Recruitment to feeder cadres viz. JTOs and JAOs should be done every year regularly. Fast track promotion through examination should continue in all levels. DPC for seniority cum fitness promotion should also be held regularly twice in a year, not only for existing vacancies but also for prospective vacancies so that seniors can get their due promotion in due time. This will definitely motivate all the employees of BSNL. These measures will remove the conflict of interest between seniors and youngsters, putting an end to a host of court cases.

11. In the meantime, the legal sections of BSNL, at BSNL Corporate Office as well as in the circles should act to get existing stay orders on HR and other matters vacated and also avoid grant of stay by courts by submitting an affidavit as was filed in Hon'ble Supreme Court of India in SLP 32284/2013, based on which the court passed an interim order on 7.7.2014 that *"we are also of the view that promotions cannot be withheld for any long time awaiting the result of the Special Leave Petitions"* and that *"any promotions made will be subject to the outcome of these Special Leave Petitions."* Similarly, whenever a court grants a benefit to the applicant, all similarly placed executives should be extended the benefits, without forcing further litigations resulting in avoidable legal expenditure both to the individual as well as BSNL. The outcome of such litigations will ultimately be only in extending the benefit of the earlier decision by the concerned courts. Two decisions of Hon'ble Supreme Court of India, one in respect of extending the benefit of FR 22 (1) (a) (i) to TTAs officiating as JTOs and the other in respect of stepping up the pay of senior DEs to that of their juniors are to be implemented extending the benefit to all similarly placed executives.

12. When the situation demands for co-ordinated team work by BSNL executives, BSNL has notified membership verification of Executives Associations, which is likely to divide the Executives on association lines, resulting in bad blood. The terms and conditions for verification have been disputed by all associations. It is also a fact that in no other PSU there is any provision of recognition of Executive Associations and conducting verification for that purpose. DPE itself has said that it has not issued any guidelines for this purpose. Even the BSNL notified terms and conditions do not provide for a negotiated settlement with the recognized association. In such a scenario, what is the necessity of conducting such a massive exercise involving money, manpower and time? Following rules and procedures without any favour and handling with firmness any unruly behavior by associations big or small, putting in place a fool-proof grievance redressal mechanism and listening to all views and suggestions with open mind without seeing where from it comes, are the need of the hour and this will progressively end multi-unionism.

13. Having said with optimism that we can make BSNL turn around in the near future and while thanking you all for giving me a patient hearing, I would like to conclude with a famous quote:

"I always feel like it is two key ingredients when it comes to following your dreams, making something happen that the average person deems difficult. If you truly believe it, that's step one. Step two, is, you know, the hard work that goes along with it."



RAKESH SETHI
General Secretary