

## BSNL and MTNL merger

Questions that require to be answered before finalization of the merger

Presentation by AIBSNLOA CHQ on 12.9.2014

What is the necessity and objective for merger and how it is proposed to be done?

Whether MTNL will remain a subsidiary company of BSNL or will it be merged in consonance with the M&A Rules of Govt. of India?



How a Public limited and listed company, the MTNL, will merge with a 100% Govt Company, the BSNL?

Both companies are reporting loss during the past few years and have already taken loan from the Banks/ Financial institutions.

Whether DoT will pay this loan amount to respective Banks / Financial institution, so that a healthy merger will take place?

Otherwise merger of two loss making companies will only add further to their woes.

Whether the Government has any proposal in this regard?

Whether DoT is aware of the details of the amount taken by the MTNL/BSNL from Banks or any other financial institution?

MTNL and BSNL both are the Public Sector Undertakings.

MTNL was formed in 1986 while BSNL was formed on 1<sup>st</sup> Oct 2000.

Before formation of these two companies both were the part of DoT.

Both the companies followed the rules and regulations framed by DoT. But after formation they have formed their own rules and regulations and their own HR policies. The employees are working under two different HR policies framed by the management of these two companies. Because MTNL has done direct recruitment in E2, E5 and E6 grade and BSNL has done Direct Recruitment in E1/E1A and E5 grade, they cannot be merged due to non provisions in RR. Therefore, inter-seniority between the executives of two companies is not possible.

Following are the some of the issues to be resolved before merger of these two companies :



## **Recruitment Rules (RR:**

BSNL and MTNL have framed their own RRs for various cadres in these two organizations and these RR are entirely different in both the companies. For Ex. BSNL's SDE RR have provision of filled up 33% vacancies by LDCE and 67% by seniority. Whether such provisions are available in MTNL's RR.

For example BSNL recruits JTOs/ JAOs from outside in E1 scale and MTNL recruits JTOs/ JAOs from outside in E2 scale.

MTNL also recruits executives from outside for marketing, HR and for other disciplines but in BSNL outside recruitment is done only for JTOs/JAOs and these JTOs/JAOs are working in Marketing and HR wings of BSNL.

This a very big issue and before merger of MTNL and BSNL this issue should be resolved. Failure to resolve this issue may give rise to number of court cases filed by individuals.



### **Seniority Lists of various cadre:**

After formation of BSNL, BSNL personnel section is facing numerous court cases related to seniority of executives.

Before formation of MTNL and BSNL, at all India level only one seniority list was in operation but after formation of MTNL and BSNL, both the organization are having separate seniority lists for their executives.

Executives working in MTNL are placed one scale higher than the BSNL executives.

In any grade, after merger of the cadres, executives who are in higher scale will claim to be senior to the executives who are in lower scale, resulting in a situation where a senior BSNL Executive is likely to become junior to those in MTNL. This seniority issue has to be addressed before merger so as to avoid never-ending litigations on this count.

### **Executives Promotion Policies:**

BSNL and MTNL may have their own and entirely different promotion policies for various cadres.

Apart from the problems relating to seniority list, merger will also create problems in holding of DPCs for promotion.

Therefore, evolving a common promotion policy acceptable to the employees of both the organizations is compulsory before taking any decision on merger of BSNL and MTNL.



### **Transfer Policies:**

BSNL executives are having all India Transfer liabilities but MTNL executives have liability of transfer between Mumbai and Delhi only.

Whether executives in Mumbai and Delhi will become liable for All India transfer after such merger?

A common Transfer policy acceptable to the employees of both the organization should be evolved before any proposal of merger of MTNL and BSNL is finalized.



### **Difference in pay:**

BSNL employees have been drawing lower pay scales than their counterparts in MTNL on the plea that BSNL employees are entitled for Government Pension under Rule 37A of CCS (Pension) Rules 1972.

But now, a cabinet decision is in place for extending the same Government Pension to MTNL employees under the above rule.

It is being said that pay scales of MTNL and BSNL employees will be made 'at par' from 2017 when next pay revision will take place. But this will not remove the discrimination between the pay scales of the employees of these two organization for the period upto the date of next pay revision.

**The only solution to this issue is, as has been the demand by AIBSNLOA ever since the pay of BSNL's Executives was revised, that it should be at par with MTNL Executives w.e.f. 1.10.2000 and following IDA pay scales be granted to the Executives of BSNL from JTOs level to Dy GMs :**

- (a) JTOs level : E-2 grade,**
  - (b) SDEs level : E-3 grade,**
  - (c) Sr SDEs/Sr AOs : E-4 grade,**
  - (d) DEs level : E-5 grade and**
  - (e) DGMs level : E-6/E-7 grade,**
- all w.e.f. 1.10.2000.**



### **Option from the employees:**

During formation of BSNL, the employees of the erstwhile DoT were asked to give option either for absorption in MTNL or BSNL or for continuing in DoT.

It should be clearly spelt out whether such an option will be available to the MTNL and BSNL employees, before any proposal is finalized for merger of BSNL and MTNL.

**THANK YOU**