



**ALL INDIA
BHARAT SANCHAR NIGAM LIMITED
OFFICERS' ASSOCIATION**

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No.AIBSNLOA/CHQ/2011/10

Dated: 18th March 2011

To

Shri S.C.Misra,
Chairman and Managing Director,
Bharat Sanchar Nigam Limited,
New Delhi

Sub: Reduction in expenditure and increasing revenue – reg

Sir,

This is with reference to the discussions that we had with you on 2.3.2011. During the course of discussions you had asked us to explore the ways to improve the cash flow and restrict expenditure.

We hereby list some measures which we feel would positively bring the desired results.

I. Payment of electricity charges on industrial tariff instead of commercial tariff:

We had actually taken up this issue with the previous CMDs also. However we feel it very important to draw your kind attention to this issue. In this regard we are also enclosing a copy of our letter No.AIBSNLOA/CHQ/2010/9 dated 5th February 2010 and another letter No.AIBSNLOA/CHQ/2011/1 dated 14th January 2011, giving the details of our proposal. In our letter we had elaborated strong reasons in support of claiming change over to industrial tariff and had pointed out that the issue is to be sorted out with Central Electricity Regulatory Commission, New Delhi, since State level Regulatory commissions were reluctant to agree to it. It is high time that the issue is taken up with the Central Electricity Regulatory Commission at New Delhi immediately with a view to bringing the most wanted financial relief to BSNL. According to the financial results of BSNL for the year 2009-2010, ***expenditure on 'Power and fuel' is the highest, amounting to Rupees 203,057 lakhs, next only to expenditure on salary. We believe that maximum effort should be focused in this area which will result in a very huge savings.***

II. Expenditure on fuel: Unfortunately, the field units seek to curtail expenditure on fuel for engine alternators in BTS and other exchanges, which is only critically affecting operational efficiency. No effort appears to have been taken in curtailing fuel expenditure on departmental vehicles. Pooling of vehicle by senior officers still

remains only in paper. While vehicle use is restricted for important maintenance works, misuse of vehicle is reported to be continuing without any restraint. A procedure to record the place of visit and kilometer travelled on daily basis into a system centrally controlled (like HRMS package) may be introduced in the place of vehicle log books. This will avoid manipulation of vehicle log books at a later stage.

III. Collection of outstanding dues:

1. **From Subscribers, including Government offices:** Hon'ble Minister of communications and IT Mr Kapil Sibal had said in a written reply to the Lok Sabha December 2010 that BSNL has an outstanding due of 5,351.39 crore (up to September 30, 2010) on account of telephone bills. Another report says that, "Bulk of the defaulters are fixed line telephone users where BSNL and MTNL has seen a huge decline in subscriber base. "Fixed line users are increasingly taking a mobile connection and some of those who shift do not pay their final bill," said a BSNL official. The two companies have to claim Rs 4,600 crore from landline users, while the balance is from mobile users." Although Telephone Revenue collection procedures are in place, not much dues have been collected, the default amount increasing year by year. We firmly believe that apart from the present methods adopted, issuing legal notice to defaulting customers could do magic, as per the inputs we have from certain areas where threatening legal action has resulted in bulk collection.
2. **From Private Telecom Operators:** In August 2010, Solicitor General Shri Gopal Subramaniam, appearing for BSNL, had told the apex court that the dues from 2005 to 2009 were impairing the functioning of India's largest government-owned telecom service operator. He had submitted that "Twelve private wireless companies owe Bharat Sanchar Nigam Ltd (BSNL) Rs.460 crore in carriage charges."

Various private telecom service providers inflicted huge loss on BSNL by defaulting payment of roaming charges. The then Chief Vigilance Officer of BSNL, Sat Paul, had stated in the Press that "It is true that the private cellphone operators across India have indulged in this irregularity causing us huge losses. We are gathering information from all the states and it is difficult to gauge the exact figures. Meanwhile, all the telecom circles across the country have been instructed to recover the money from the cellular companies."

The Financial Statement of BSNL for the period ending March 2010 reports that, "Five installments of Rs. 4,000 lakh each are overdue for redemption of 7% Redeemable Cumulative Preference shares in respect of investment in M/s ITI Ltd. at the end of the year and no dividend has been received till date."

Urgent and serious efforts to collect all these dues in war footing are the requirement of the day.

IV. Scrapping of obsolete and life expired assets: Visit to any BSNL administrative office or Telephone Exchanges would show obsolete and life expired materials, including power plants, batteries, invertors, engine alternators and scores of exchange spares which have become obsolete or have served their life period.

Line stores which have become outdated and recovered materials can be seen strewn everywhere if a store yard is visited. These junk have been piling in BSNL premises occupying space and causing fire hazard. Unutilised line materials are also a source of pilferage and fraud. Scrapping of these items would bring in unexpectedly large sum of money. A task force can be set up in each Circle and scrapping can be done within a specified time limit.

V. Review of various AMC: During the past few years, BSNL has entered into Annual Maintenance Contracts with various vendors/companies for repair and maintenance of our exchange systems. We strongly feel that this is another source of drain of our financial resources. An immediate review of this system by collecting actual repairs and maintenance done by these companies during the period to find out whether the huge sum coughed out to these companies justify the effectiveness of this system of AMCs.

VI. Unproductive Rural Towers: BSNL is paying rent to Infrastructure Providers (ISPs) for towers in rural areas. Although we are paying Rs.30000/- per month per tower, the revenue received from these towers is reported to be around Rs.10 to 15 thousand in many cases. A report may be called from all circles to calculate the overall payment made for such towers, the revenue earned and the difference to arrive at the unwanted expenditure on this count.

We would request you to kindly look into the above aspects and to cause corrective measures at the earliest, which will undoubtedly improve the financial status of the company.

With kind regards,

Yours sincerely,



(V.P.Arya)
General Secretary

Copy to:

1. Shri Manmohan Singh,
Hon'ble Prime Minister of India
2. Shri Kapil Sibal,
Minister of Communications & IT
3. Shri R.Chandrasekhar,
Secretary, DoT