



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

**CENTRAL HEAD QUARTERS
AD-87B, Pitampura, Delhi-110034.**

President
K. RAJASEKARAN
Mobile: 09443100950

Finance Secretary
SWAPAN K. BHATTACHARYA
Mobile: 09434136566

General Secretary
RAKESH SETHI
Mobile: 09868210449

No. AIBSNLOA/CHQ/2017/25

To

Shri Narendra Modi,
Hon'ble Prime Minister of India,
New Delhi.



Dated: 25th May 2017

Subject: Exempting BSNL from the 'affordability' clause recommended by 3rd Pay Revision Committee for CPSE employees – regarding

Respected Sir,

We still recollect with gratitude, your Independence Day Speech from the ramparts of the Red Fort, wherein you had pointed out that *"in our country, the PSUs are formed to fall in a pit, to fail, to get locked or to be sold out. That has been the history"* and made specific reference to BSNL stating that, ***"At a time when telecom companies all over the world were earning, BSNL was falling in a pit. For the first time, BSNL has succeeded in earning operational profit."***

2. 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".

3. BSNL revenue over the past three years is increasing. The year 2013-14 saw an increase in revenue of 3.2%. The year 2014-15 saw an increase of 2.32 %. In the year 2015-16, the increase in income is 14.92 % whereas in the same year the expenses decreased marginally by 1.47 %. **The loss is declining and BSNL is likely to make profit in 2018.**

4. In these circumstances, the 3rd PRC has recommended that "the additional financial impact in the year of implementing the revised pay-package for Board level executives, Below Board level executives and Non-Unionized Supervisors should not be more than 20% of the average Profit Before Tax (PBT) of the last three financial years preceding the year of implementation. It has suggested 15% fitment benefit for such CPSEs. For CPSEs having additional financial impact on implementation of revised pay-package more than 20% but less than 30%, it has suggested fitment benefit of 10%; for CPSEs having additional financial impact on implementation of revised pay-package more than 30% but less than 40% it has suggested fitment benefit of 5% and for CPSEs having additional financial impact on implementation of

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revised pay-package more than 40%, it has suggested 'Nil' fitment benefit. **BSNL does not fall in any of these categories.**

5. In India, PSEs, considered as 'temples of modern India' were conceived as instruments to bring socio-economic transformation of the country. Those were the mainstay for self-reliant growth. **Some important objectives were to create infrastructure, absorb technology, encourage innovation, generate employment and achieve certain social objectives.**

6. The New Telecom Policy 1994 defined certain important objectives, including availability of telephone on demand, **provision of world class services at reasonable prices**, ensuring India's emergence as major manufacturing / export base of telecom equipment and **universal availability of basic telecom services to all villages.**

7. Under NTP-1994, the licensing, policy making and the service provision functions were under a single authority. The Government in 1999 decided to separate the policy and licensing functions of DoT from the service provision functions as a precursor to corporatisation. The corporatisation of DoT was proposed to be done keeping in mind the interests of all stakeholders by the year 2001.

8. When finally, BSNL, a 100% Government PSU, was formed on 1.10.2000, the **Cabinet decided that the 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.**

9. Since then, BSNL has been discharging the social obligations of the Government of India by providing services in remote and rural areas inspite of incurring loss because of these services and its presence in the Telecom industry as a fully Government owned PSU, aiming at providing world class services at affordable tariff, has been accepted by every stake holder as a '**moderating factor**' in controlling the tariff in favour of the customers. But for the presence of BSNL in the arena, the private telecom operators would have raised the tariff to alarming proportions.

10. When all private networks failed to provide dependable service during natural calamities, whether it was Hudhud cyclone in Andhra Pradesh, Vardha cyclone in Tamilnadu, Floods in Tamilnadu and Uttarakhand, Earthquake in Jammu & Kashmir, BSNL was the only operator which proved its robustness.

11. In your prestigious Digital India programme too, BSNL is 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.

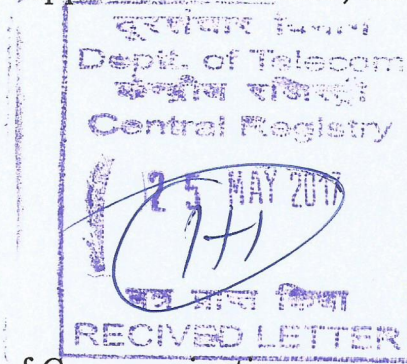
12. It will be therefore unfair if BSNL employees are denied their due pay revision in the name of non-affordability, since such a proposition will have a negative impact on their morale which in turn will affect the revival plans of BSNL.

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13. Considering the National and Strategic importance of BSNL which is implementing the social obligations of the Government, it is necessary that the affordability condition is not made applicable to BSNL.

14. We therefore request you to kindly get the issue examined thoroughly and to ensure that suitable changes are made in the 3rd PRC recommendations so as to make the affordability condition not applicable to BSNL, in view of its strategic national importance.

With highest regards,



Yours sincerely,

(Rakesh Sethi)

General Secretary

- Copy to: 1. Shri Manoj Sinha,
Hon'ble Minister of Communications,
New Delhi.
2. Shri Pradeep Kumar Sinha,
Cabinet Secretary, GOI, New Delhi
3. Smt. Seema Bahuguna,
Secretary, DPE, New Delhi
4. Ms. Aruna Sundararajan,
Secretary, DoT, New Delhi
5. Shri Anupam Shrivastava,
CMD, BSNL, New Delhi.

