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No.AIBSNLOA/CHQ/2010/3

Dated: 11th January 2010

To

Shri.Manmohan Singh,
Hon'ble Prime Minister of India,
New Delhi

Sub: BSNL's falling revenues and absence of any sincere effort to change course of the way BSNL is being managed – Concern thereof.

Hon'ble Sir,

This is in continuation of our earlier letter No.AIBSNLOA/CHQ/2009/58 dated 16th November 2009, wherein we had expressed our serious concern and worries over declining revenue of BSNL, a Govt.run PSU and had drawn your kind attention to the various issues to be addressed with seriousness to have a turn around for the company.

2. In this back ground, a lot of expectations arose when you called for a meeting with DoT and BSNL officials on 6th January 2010. According to media reports, the highlight of the meeting was your acceding to the proposal by BSNL management for divesting 10% of equity of BSNL. This has belied our expectations. **We rightly believe that disinvestment cannot be the solution for the illness afflicting BSNL. Had disinvestment been a solution for improving the financial status of any company, MTNL which already stands divested of its shares would not have been in the bad situation it finds itself in, today.** *We strongly believe both the BSNL and DOT officials have not placed before you some important facts which need to be addressed to take out BSNL from its present crisis.*

3. We would like to reiterate some of our views and add a few more on the issue as follows:

a) Induction of Professional Managers to manage the affairs of BSNL: In our considered opinion, the first and foremost problem faced by BSNL is holding of important managerial and policy making positions by officers who continue to be on deputation to BSNL for more than 9 years now. When the Group A Officers from all other disciplines like Finance, Civil, Electrical, Architectural and Telecom Factory Organizations took absorption as back as in 2005, the ITS Officers who refused to take absorption are being allowed to remain on deputation indefinitely which has resulted in apathy among the officers already absorbed in BSNL. In the absence of belongingness and commitment, accountability and responsibility to BSNL's viability and

welfare, there is no concern in them for the survival and growth of BSNL. The decisions taken by the management comprising mainly of unabsorbed ITS officers have only driven BSNL from bad to worse. It is therefore essential that officers unwilling to get absorbed and work for betterment of BSNL are withdrawn immediately and professional managers are posted in their place.

In this regard we would also like to draw your kind attention to the *recommendations of an independent body, the VI Central Pay Commission for Central Government Employees, on Department of Telecommunications (Para 7.6.4), which says 'No need therefore exists for retaining separate Telecom Commission in this Department.'* and *'Continuous necessity of retaining Indian Telecom Service (Group A) does not therefore exist. All the existing officers in this service should be either absorbed in BSNL/MTNL or else sent to the surplus pool.'*

Therefore, the ITS Group A officers who are unwilling to get absorbed in BSNL and work for its betterment should be withdrawn immediately and professional Managers from outside should be posted in their place, so that BSNL is piloted in the right direction.

b) Change in Tendering policy and procedures For the third time in a period of last few years, BSNL has been compelled to put on hold its expansion plans resulting in a bleak situation where there could be capacity crunch in the near future. Previously it was due to a Court halting the tendering process on a petition from Motorola, later it was due the Minister of Communications himself raising some impropriety in the finalization of the tender and now its is due to adverse comments from Central Vigilance Commission. When the private operators are able to expand their capacity rapidly and smoothly, BSNL is tied down every time it comes up with a mega expansion plan. This again, is failure to manage the tendering process professionally.

In view of the above, we request that a special procedure should be evolved for PSUs like BSNL so that the old age tendering procedures do not come in the way of procurement of equipments for their developmental and expansion work.

c) Grant of Maharatna/Navaratna status: In a bid to give more autonomy and power to the BSNL, which is the need of the hour, BSNL should be immediately granted Navaratna status if not the Maharatna. It need not rush to the administrative ministry for each and everything. Let BSNL enjoy some autonomy in the matter of its projects, choice of technology and procurement of equipments.

d) Improving the quality of mobile services vis-a-vis grooming its own work force: As pointed out in our earlier letter, the credibility of our mobile connections has come down sharply due to poor quality viz., frequent call drops, no-coverage, low signal and absence of in-house coverage. The days, when the customers stood in queues for hours together to get a BSNL mobile connection, are gone. Franchisees and retailers are reportedly hesitant to market our products. Without improving the quality of the mobile services, all aggressive efforts to market the products will only meet partial success. Dependency on the vendors to run the service has made BSNL helpless in the matter. Let BSNL make best use of the expertise and capability of its own work force rather than depending on the vendors.

e) Improving after-sales service, reigning in the outsourced call centres: BSNL's after-sale service is not up to the mark. Here speedy and timely response to the customers' need has to be ensured. The performance of **the outsourced call centers** is far from satisfactory. BSNL must manage these call centres with its own work force who would be more accountable and sensible. If need be, the personnel to be deployed in the call centres, be imparted some in-house training.

f) Machinery for recovery of outstanding dues: BSNL's financial condition has further deteriorated due to huge amount of unrecovered dues from its customers. In the absence of any proper mechanism and initiative, the outstanding dues today run over several thousand crores of rupees. A proper mechanism with proper authority for recovery of outstanding dues has to be in place. Government must modify its laws so that the defaulters are punished heavily and cannot avoid payment after availing the service

4. We, therefore urge upon you Sir, to kindly intervene and make DoT and BSNL provide the facts on the above issues, so that the Nation is not diverted from the real issue and the largest Govt. owned PSU, which alone provides service to rural and disturbed areas of the nation, is not allowed to sink due to mismanagement and wrong presentation of facts.

With kind regards,

Yours sincerely,



(V.P.Arya)
General Secretary

Encl: As stated

Copy to

1. Shri Sam Pitroda,
Advisor to Prime Minister & Chairman
Committee constituted by PM on BSNL
2. Shri A Raja,
Hon'ble Minister for Communications
3. Shri Pranab Mukherjee,
Hon'ble Minister for Finance
4. Deepak Pareekh,
Non-Executive Chairman, HDFC & Member
Committee constituted by PM on BSNL
5. Shri.P.J.Thomas,
Secretary, DoT
6. Shri.Kuldeep Goyal,
CMD, BSNL