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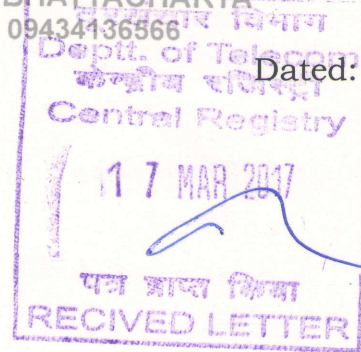
General Secretary  
RAKESH SETHI  
Mobile: 09868210449

No. AIBSNLOA/CHQ/2017/17

Dated: 16<sup>th</sup> March 2017

To

Smt. Seema Bahuguna,  
Secretary,  
Department of Public Enterprises,  
Block No. 14, CGO Complex,  
New Delhi-110003



**Subject: Non-applicability of affordability clause recommended by 3<sup>rd</sup> PRC to BSNL – regarding**

R/Sir,

We seek your kind attention towards the recommendations of the 3<sup>rd</sup> Pay Revision Committee with particular reference to its recommendation on Affordability under Para 3.2, which we believe cannot be of any relevance to BSNL.

2. The 3<sup>rd</sup> 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 revised pay-package more than 40%, it has suggested ‘Nil’ fitment benefit. **BSNL does not fall in any of these categories.**

3. The 3<sup>rd</sup> PRC has made vague recommendations in respect of sick companies which have been referred to BIFR, sick companies which have neither been referred to BIFR nor the closure process is underway. **BSNL does not fall in any of these categories too.**

4. **BSNL is 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. Despite the complexities of problems faced by BSNL, which was converted as a Government PSU from a Government Department, BSNL has been slowly but steadily evolving itself as a Model PSU, keeping itself in the race by updating to the everchanging technology, expanding and diversifying its activities amid stiff and cut throat competition from the Private Telecom companies. **The strategic importance of BSNL has to be given due consideration.**

**5. The Government of India had committed at the time of formation of BSNL that “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.”** But the Government of India/DoT did not keep the commitments and even failed to refund BSNL’s dues in time and in full. BSNL has no autonomy in decision making and has to follow the diktats of the Government. **Recurrent loss to BSNL in the past few years is 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”, according to Shri Ravi Shankar Prasad, former Minister of Communications.**

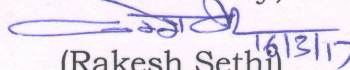
6. BSNL revenue over the past three years is increasing. The year 2013-14 saw an increase in revenue of 3.2%. The year 2014-15 saw an increase of 2.32 %. In the year 2015-16, the increase in income is 14.92 % whereas in the same year the expenses decreased marginally by 1.47 %. The loss is declining and BSNL is likely to make profit in 2018. This positive trend is due to joint efforts of BSNL Executives and employees who are toiling hard to increase revenue. At this point of time, any move to deny them revised pay-package in the name of affordability will have a negative impact on their morale which in turn will affect the revival plans of BSNL.

**7. 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.**

**8. We therefore request you to kindly ensure that suitable changes are made in the 3<sup>rd</sup> PRC recommendations so as to make the affordability condition not applicable to BSNL before submission to the Cabinet for approval.**

With kind regards,

Yours sincerely,

  
(Rakesh Sethi)

o/c General Secretary

Copy to: 1. ~~Shri J.S. Deepak~~,  
Secretary, DoT  
2. Shri Anupam Shrivastava,  
CMD, BSNL.