

JOINT ACTION COMMITTEE OF ASSOCIATIONS / UNIONS OF BSNL EXECUTIVES & NON-EXECUTIVES

D-7, Telegraph Place, Gole Market, New Delhi – 110 001.

NOTE ON THE CHARTER OF DEMANDS ON WHICH THE JAC OF ASSOCIATIONS / UNIONS OF EXECUTIVES/ NON- EXECUTIVES IN BSNL WENT ON THE ONE DAY STRIKE ON 15TH DECEMBER 2011

1) No VRS

The BSNL Board sent its proposal for VRS to one lakh employees, for approval by DoT. This was done despite the fact that all the unions in BSNL opposed VRS. The loss for BSNL for the years 2009-10 and 2010-11 are wrongly depicted as resulting due to the salary bill of the employees. When the Company had more than the present 2,76,000 employees, it got profit until 2008-09. The real reasons for the losses are (a) the compensation to BSNL for maintaining the loss making, but socially necessary services, which was more than Rs. 7000 crore in the year 2004-05 was reduced drastically and finally stopped, (b) the enormous cash reserve of more than Rs 30,000 crore as on 31-3-2010 was mostly taken away by the Government towards payment for 3G/BWA spectrum, which should have been given freely to BSNL as per the New Telecom Policy 1999, (d) the failure of the management in adopting suitable business strategies, and (e) the continuation of the ITS officers as the below Board level management cadre, on deputation for more than ten years without converting them as BSNL employees etc. The cost of the VRS for one lakh employees will be more than the benefit arising to the company out of it and hence it is counterproductive. Fixing the target of sending out 1,00,000 employees indicates that it is not really VRS and will be CRS in practice. It is to be noted here that approximately 10,000 workers are retiring every year without the resultant vacancies being filled up. The DOT which was having six lakh workers have now only 2.76 lakh workers in BSNL.

When the real reason for the loss is not the number of employees, and when the cost of implementing VRS to one lakh employees is more than the benefit that will result from it, there is no ground to go ahead with the VRS, unless the real intention is to make the ground clear for privatization by retrenching large part of the workforce. Hence the VRS has to be withdrawn. In this connection, we would like to remind the management that the proposals for VRS earlier were dropped on the opposition from workers and the then Hon'ble Communications Minister assured that no VRS will be implemented without consulting the unions.

2) Immediate Repatriation of ITS non-optees and handing over charges to absorbed executives

The ITS Officers are continuing in the BSNL on deputation for the last 11 years, though the maximum period of deputation is to be for 5 years only as per government rules. Our demand is that the absorption process/repatriation to DOT should be completed without any delay.

The repatriation process has started, but is being unduly delayed. In the meanwhile the BSNL has finalised certain new recruitment rules for the senior level management in such a way as to give undue benefits and priority to those officers who have been repatriated against the interests of those who are already absorbed in BSNL, including ITS officers.

BSNL Management notified Special Lateral Direct Recruitment Rule-2011 of BSNL MS for Sr. DGM and GM/PGM/CGM to fill up the vacancies arising in the grades of DGM & above due to repatriation of non-optee ITS Officers from BSNL. The fact remains that BSNL has sufficient absorbed Group-'A' level technically trained and experienced executives to maintain the telecom operations but the BSNL Management is not entrusting responsibilities to these committed executives and running behind the non-optee ITS Officers who has denied to opt for BSNL/MTNL. BSNL Management has framed RRs in contravention of the existing BSNL

MSRRs offering unjustified pay protection, seniority & Pension under Rule-37 etc. whereas the existing BSNL Executives & non-executives has taken absorption in BSNL under Pension Rule-37A and are committed for BSNL are discriminated.

BSNL Management has framed RRs unilaterally when all the Unions/Associations are opposing the retention of un-absorbed ITS Officers through back door entry. All the clauses of these RRs are framed so as to recruit the ITS officers on their whims and fancies. In the present competitive scenario, when abundant manpower with high academic and managerial skill are available, what is the justification/need for retaining these ITS officers who have a great part in the present crisis in BSNL as a whole. As already adequate number of well-experienced and technically expertise group of BSNL executives are available, there is no need for calling the unwilling officers back. All along BSNL Unions/Associations have been opposing the conspiracy of ITS Officers in collusion with DoT to frame new Recruitment Rules to favour the ITS Officers to sustain in BSNL. It will create a clear-cut dividing wall between the stake holders and the hired ITS Managers.

The eligibility requirement of RRs is very well made to suit the existing ITS Officers on deputation in BSNL with their available experience in their grades. In the DoT order, it is said that all the ITS officers on repatriation should give technical resignation to DoT, they become open candidates at par with others from the market. But eligibility requirement in the Recruitment Rules is made to benefit only so called repatriated officers, which is complete discrimination.

BSNL Management has created two types of terms & conditions for absorption process i.e. one under Rule-37A Pension Rule and the other under Rule-37 Pension Rule in the same PSU.

The Recruitment Rules for lateral entry at E-6 and E-9 grades has been framed arbitrarily in contravention of existing BSNL MSRRs and EPP approved by DoT. The Sr. DGMs are being recruited in E-6 grade which is not the IDA Pay Scale hierarchy in BSNL as notified by DoT under presidential directive. As per the BSNL MSRRs & EPP the sustentative grades are E-5 and E-9, E-6 scale is not available in BSNL and E-7 & E-8 IDA Pay Scales are the non-functional scales. Hence, how Sr. DGM can be recruited against E-6 grade as sustentative grade? Similarly, as per BSNL MSRRs the 1400 DGMs Posts in E-5 grade are available and to fill up these posts a mechanism is well defined. Hence 600 Sr. DGM posts cannot be created by upgrading existing DGM (E-5) grade posts under any justification. Similarly, we can't allow BSNL Management to create additional sustentative grades E-6, E-7/E-8 (Sr. DGM/Jt.GM) in between E-5 to E-9 grades.

On repatriation of 400 non-optee ITS Officers, BSNL Management has further given additional charge to non-optee ITS officers, who are to be repatriated instead of giving charge to BSNL absorbed executives which clearly shows the indifferent attitude of BSNL Management. We strongly demand that all non-optee ITS officers should immediately be repatriated and the charge/responsibilities should be given to BSNL absorbed executives and even if BSNL need some more Group-'A' equivalent officers in E-9 grade, BSNL may recruit from open market.

Following consequences will arise due to such retrograde action:-

- ITS absorbed officers are not eligible to apply. Hence they will draw less emoluments than the unabsorbed ITS Officers being recruited through back door entry.
- As per BSNL MSRRs E6 & E7 grades are non functional grades. The proposal to make E6 & E7 substantive grades is an arbitrary attempt to temper the BSNL MSRRs. It will result in creation of another functional layer for promotion from JAG to SAG for the existing executives irrespective of putting in place provisions to protect existing channel of promotion from JAG to SAG in accordance to provisions of BSNLMS RRs.
- It will completely jeopardize promotion of DGMs to GMs through the existing BSNLMS RRs once 600 Sr DGMs are promoted to GMs through different and faster provisions in new RRs and occupy 600 SAG posts. Young and qualified executives in the Company who get promoted to DGMs through existing BSNLMS RRs will be blocked for decades at DGM level.
- Existing vacancies in E5 (DGM) grade of 1400 DGMs can't be distributed into E6 & E7 (Sr. DGM/Jt. GM) as per BSNL MSRRs. It will surely result in abolishing 600 posts of JAG

completely regardless of other measures to restore back these posts to JAG as and when Sr. DGMs get promotion to GMs.

- As per BSNL's initial contingency plan the total 280 posts shall be filled up in E8/E9 level and 300 posts in E5/E6/E7 level but now it is increased to numbering 1050 just to rehabilitate the unabsorbed ITS officers in BSNL which is not at all in the interest of company.
- No additional increments are given to the existing absorbed executives / non-executives even to remove their pay anomaly. How the pay protection to the newly recruited ITS Officers can be granted in contravention of pay fixation rules?
- As per BSNL MSRRs the executives recruited through lateral / outside entry will stand en-block junior to the existing absorbed executives. How the seniority protection is being ensured?
- In Telecom Electrical / Civil Wings no RRs being framed to fill up the vacant JAG/ SAG/ HAG level posts.

Such attempt of BSNL Management / Govt. will face the legal complications. BSNL Management /Govt. should not give extraordinary treatment to the unabsorbed ITS officers who defy the absorption process by framing separate set of rules of absorption in the same organization. It has created serious frustration amongst the absorbed employees who have honored the Govt. decision and having combined pension under Rule 37-A.

3. Immediate Payment of Bonus(PLI)

The employees were denied bonus (PLI) for the years 2009-10 and 2010-11 in the name of loss to the Company, although the employees are no way responsible for the same. It is also to be noted that the productivity of the employees is continuously rising due to the decline in the number of employees by retirements and the increase in the number of telecom subscribers. We demand payment of minimum 8.33% bonus to all employees, non-executive and executive, irrespective of profit or loss to the Company and over and above that, based on productivity/profit. Pending the evolving of an accepted formula for bonus/PLI, we demand payment of an ad-hoc amount as bonus for the last two years. The present formula for PLI was finalised without consultation with the recognised union.

4. Restoration of Medical Allowance, LTC, and Leave Encashment linked with LTC

While there are several items on which the expenditure can be reduced, the management, in the name of loss to the Company, issued unilaterally order No.7-8/2010/EF/Part/1 dated 5-9-2011, withdrawing the facilities (a) medical allowance for employees outdoor treatment without vouchers, (b) the All India LTC and Home Town LTC, and (c) Leave Encashment linked to LTC. We demand for withdrawal of this unilateral order and for immediate restoration of these facilities.

5. 78.2% IDA merger for wage revision

As per the DPE order No. 2 (70)/08-DPE(WC)-GL-VII/09 dated 02-04-2009, the benefit of merger of 50% DA with basic pay w.e.f 1-1-2007, effectively amounting to 78.2%, would be allowed for the purpose of fitment and pay fixation in the revised pay scales that came into effect from 1-1-2007. While this order was honoured in all the PSUs, the BSNL management did not implement it. It implemented wage revision for executives and non-executives on the basis of 30% fitment on pay+68.8% DA, instead of on Pay+78.2% DA, in the name of financial difficulties to the company. In the Wage Revision Agreement for Non-Executives, the management agreed to consider the 78.2% IDA fixation for non-executives and executives together. Subsequently the BSNL Board agreed for 78.2% IDA fixation in principle, but deferred its implementation till improvement in the financial condition of BSNL. It is also to be noted that the ITS officers who are on deputation in BSNL from DoT are enjoying the full benefit of the sixth Pay commission pay revision in spite of losses to the Company.

The wage revision was from 1-1-2007 when the BSNL was having considerable profit and therefore it should not be denied on the basis of losses that occurred two years after that date. Hence there is no ground for postponing the implementation of this benefit for the BSNL staff with effect from 1-1-2007.

6. Immediate procurement and supply of equipments including GSM, BB Modem, Cables, Trans SMS, MLLN etc and implementation of important business projects like ERP, NGN and Transmission NMS

One of the main reason for the loss to the company is its inability to provide new connections and better service due to the acute shortage of mobile equipments, cable, telephone instruments, broadband modems etc. The cancellation of 45 million mobile tender in 2007, 95 million in 2010 and 5.5 million in 2011 have seriously and adversely affected BSNL. Our demand is that the management should immediately procure the equipments required for BSNL. It is also necessary that the important business projects like ERP, NGN, Transmission NMS etc. should be finalised early.

7. Government Policy Related Issues regarding the financial viability of BSNL

a) Compensation of loss making rural services according to Policy commitments and payment of ADC to BSNL

In the New Telecom Policy 1999, the Government assured as below:

"However, as DoT is the national service provider having immense rural and social obligations, the Government will reimburse full licence fee to the DoT". Subsequently, the telecom services under DoT were handed over to the newly formed PSU, BSNL, with effect from 1-10-2000 and the immense rural and social obligations of DoT were, therefore, transferred to BSNL.

As per the report given by the then DoT Secretary on 1-9-2000 on the conclusions of the Group Of Ministers on the eve of formation of BSNL, "GoM has decided that for discharging obligations in regard to rural telephony or any other uneconomic services, in accordance with any Government directive for implementation of NTP 1999, Bharat Sanchar Nigam would be duly compensated. Realizing that it would be a potent instrument in the hands of Govt., for achieving its social obligations, in regard to spread of telecommunication network in the country, GOM has further decided that under no circumstances would allow Bharat Sanchar Nigam to become non-viable as it has to be kept always in strong and healthy condition."

Hence the reimbursement of full licence fee to BSNL has to be continued without any restriction as long as it carries out these rural and social obligations. But few years after the formation of BSNL, the reimbursement of License Fee was at first reduced and then finally stopped.

Even the mechanism of payment of ADC to BSNL by other telecom companies for compensating the losses incurred by it on fixed line telephones was stopped.

Due to this stopping of reimbursement of license fee and ADC, the total loss of more than Rs 10,000 crore is incurred every year by BSNL on rural services and fixed line network remains totally uncompensated and this is nothing but violation of the assurance given by the Government at the time of formation of BSNL.

Therefore, we demand full reimbursement of licence fee and spectrum charge to BSNL and quantification of ADC through adequate and appropriate mechanism and its payment to BSNL.

b) Immediate Cancellation of licenses of private operators who are illegally providing 3G services without 3G spectrum allocation

The private telecom operators Airtel, Vodafone and Idea have paid 3G spectrum charges for a few circles only, but they are providing the 3G services all over India by signing "intra circle roaming agreements" among themselves so that the subscribers of the Company among them which is not having the 3G spectrum in a circle will roam on the 3G network of the other partner in the agreement which is having the 3G spectrum in the said circle. This is against the licence conditions and against the conditions mentioned in the Notice Inviting Applications (NIA) for the 3G spectrum auction. While BSNL paid the full amount of Rs 10816 crore for all the 20 circles where it is having its operations, these private operators have paid for a few circles, but providing services in more circles, thus getting undue benefit. We demand for cancellation of the licences of these private operators for violation of the licence conditions.

- c) **Refund Rs 8313 crore paid by BSNL towards non-standard BWA spectrum band already surrendered by BSNL**

While the full amount of Rs 8313 crore was collected by the Government from BSNL for the BWA (Broadband Wireless Access) spectrum allotted to it, the allotted BWA spectrum could not be utilised since it was non-standard. While the private operators were allotted the BWA spectrum in 2.3 GHz band suitable for the LTE technology for which the equipment cost will be less, the BSNL was allotted in 2.6 GHz band which is not suitable for LTE technology and suitable for Wi-Max which requires costly equipment and the preference of the subscribers will be for LTE only since it is cost effective. We demanded for its surrender and full reimbursement of the paid amount. The BSNL surrendered the BWA spectrum since it is non-standard. We demand for immediate refund of the amount to BSNL.

- d) **Refund of "Notional Loan" of Rs 7500 crore collected by DoT from BSNL along with interest**

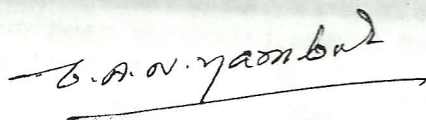
There was no government loan taken by DoT at the time of formation of BSNL. In spite of this, a loan of Rs 7500 crore was written in the books of BSNL without actual payment of the amount. The Finance Minister Sri Pranab Mukherjee, in his D.O. letter No. F.2(50)-B(SD)/2010 dated 26-5-2011 to the Communications Minister Sri Kapil Sibal, confirmed that this was a notional loan, but even refused to reduce the interest rate on it. Since it is a notional loan, it need not be paid by BSNL. Therefore this amount of Rs 7500 crore along with interest on it collected by the Government from BSNL should be refunded to BSNL.

- e) **Pension Contribution to DoT only on actual basic pay instead of maximum of the pay scale**

As per the orders issued by the Government on the recommendations of the 6th pay Commission, the pension contribution for the employees on foreign service (in this case DoT employees absorbed in BSNL) has to be paid only on the actual basic pay of the employee and the previous ruling for payment of it based on the maximum of the pay scale of the employee was dispensed with. But the DoT has been collecting the pension contribution for BSNL employees from the BSNL based on the pay scale maximum of the employee, even after this change in the rule, thus imposing unnecessary expenditure on BSNL. However, recently, vide its letter No. 500-57/2011-12/BSNL/CA-I/Vol IV dated 8-12-2012, the BSNL Corporate Office directed its field units to start payment of pension contribution on the basis of the pay of the employee, instead of on the maximum of the pay scale, from 1-12-2011 onwards. This is on the understanding that clarification was issued by the pension Department to this extent. But the DoT has not yet endorsed any such decision to BSNL. We demand that immediate orders be issued by DoT in this regard and the excess amount collected from BSNL for the past period is refunded to it.

- f) **Discontinue all Telecom Advisory Committees**

The Telecom Advisory Committees system existing in DoT is continued even after formation of BSNL as a facility for extending patronage by the political parties to their followers. Such TACs have no use except incurring some expenditure by BSNL. The term of the previous committees was over. We demand that the TACs should not be constituted again and the practice be discontinued immediately.



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