



BSNL

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## NATIONAL FEDERATION OF TELECOM EMPLOYEES

BSNL

(Regn. No. 4906 dated 17/9/2001)

C-4/1, Bangla Sahib Road (Baird Road), New Delhi - 110001

TF-6/7

Date: 27-01-2012

To  
Honble Minister  
Of Finance and Expenditures  
Govt. of India  
New Delhi.

**Subject: Pre Budget consultations- views of NFTE- BSNL.**

Respected Sir,

We wish to submit that the “National Federation of Telecom Employees (BSNL)” is a registered TU organisation and represent more than 80 thousand non- executive employees of BSNL who are scattered throughout the country and rendering Telecom services even in the remotest areas. The PSU, BSNL, has come into existence WEF 1-10-2000 by conversion of the erstwhile Departments of Telecom and Telecom services. The historical conversion has smoothly taken place only after the Govt. Guaranteed Pension and job secretary to employees and also committed to keep the BSNL financially viable. The National Federation of Telecom Employees BSNL ie NFTE BSNL, has played a leading role to achieve the above three very important commitments from the Govt. along with other two Federations viz FNTO and BTEF.

According to reports the Ministry of Finance is having pre budget consultations with different groups and categories of people and in the situation we are listing our views on behalf of NFTE which is in existence and carrying experiences of almost 60 years. Presently the BSNL is deteriorating day by day due to lack of resources and we are very much anxious to redeem its past glory. Today, the giant PSU, BSNL, is running in loss.

The Telecom Industry in the country has slowed down after finest growth for last ten years. There has been hyper competition due to which the urban market is almost saturated. Now attention of all Telecom companies is towards rural and other unsaturated areas. The Private companies are managing their investments through FDI and Bank loans route and are in position to expand the markets. Contrary to this the BSNL is required to manage with its internal resources which have dwindled. Thus the BSNL is to meet all its demands only from its operative income. The other income coming to BSNL through Reimbursement of license fee, Spectrum charges as assured in NTP 1999, ADC as assured in IUC, USO fund for providing social obligatory services, Bank interests on hefty deposits are over one after the other.

Our Industry is over crowded and facing ‘falling of Tariff, Minutes of Usage, and ARPU (Average Revenue Per user), PAT (Profit after Tax), ROCE (Return on Capital Employed)’ etc. The stagnated revenue is causing stress, PAT is in its downward trend and ROCE indicator is not healthy. The regulatory levies like License fee, Spectrum Charges, Service tax are higher comparing other Countries like China, Pakistan etc. These are all common issues felt and experienced by all the Operators. BSNL has its own specifics. We list them for your kind perusal.

### **Reimbursement of License Fee:**

We reasonably expect that the assurances given on various occasions by Govt. should be fulfilled. We quote the relevant CAG Report "DoT while approving a package of measures in the form of financial relief for the company decided that the company would be liable to pay License fee and Spectrum Charges in full and would also be allowed reimbursement of losses, incurred by it on rural telephony operations and other socially desirable projects. The amount of reimbursement was to be decided annually by DOT in consultation with the MOF.

Reimbursement by Government on losses incurred on rural operations for the years 01-02 was 2300 crores and for 02-03 2300 crores, 03-04 2300 crores, 04-05 1765.90 crores, 05-06

582.96 crores. As far as our knowledge goes no reimbursement was received by BSNL after that. We hereby request you that the reimbursement may be approved for the entire 11<sup>th</sup> five year plan period.

### **Notional Loan:**

At the time of corporatisation the Notional loan of Rs. 7500 crore which was made as a part of capital structure of the company had a moratorium on repayment of the principal and interest upto 31<sup>st</sup> march 2005. The companies as well as Trade Unions have been representing the Government for waiving off/ reduction of interest rate and withdrawal of terms and conditions towards penal interest

The 15 instalments loan was duly paid by BSNL- 2000 crores during 2006 and 2500 crores by 2007 and 3000 crores during 2008. Principal was paid well in advance. Unfortunately DOT is adjusting payment first on Interest, balance only on Principal. We appeal to Hon FM to reconsider the entire issue and waive off at least interest portion of the said loan.

### **3G/BWA Spectrum**

BSNL has paid Rs. 18500 crore for the allotted one block of spectrum from its deposits. Private operators adroitly used the tool of loan for paying its auction dues to get spectrum. BSNL was forbidden to enter in the arena of auction but levied highest bidding price for all its service areas. The social obligatory role assigned to BSNL is not allowing any commercial freedom as Private operators are having.

BSNL has already taken up the case of surrendering BWA spectrum in respect of some circles. We shall feel thankful if the proposal for reimbursement to the tune of Rs. 8500 crores due to surrender of spectrums by BSNL is approved and payment expedited.

### **Rs 2000 Crore in lieu of ADC:**

DOT has stopped the support of Rs 2000 crore in lieu of ADC w.e.f July 2011. TRAI's opinion is sought in this regard. We appeal to FM for the continuation of the support for the entire 12<sup>th</sup> Five Year plan period.

### **Spectrum beyond 4.4MHz**

We come to know that Government is contemplating to levy one time fee for holding spectrum beyond 4.4MHz and a charge on excess spectrum with retrospective effect. We appeal to Hon

FM that BSNL should be exempted from paying any fee for the spectrum it is holding beyond any limit prescribed.

### **Pension burden:**

At the time of corporatisation the Govt. guaranteed to pay the pension to absorbed employees. The BSNL entity was required to pay only pension contribution in respect of absorbed staff as per FR 116. Subsequently the PSU has been burdened with the 40% cost of pension of all retired personnel in addition to contribution levy as per FR 116. The payment of pension has been linked with the Taxes receipts from MTNL/BSNL contrary to commitments of Govt. at the time of corporatisation.

We are appending below the gist of demands to left the company from present financial morass.


### **Summary of demands:**

- (i) Telecom should be given the status of infrastructure.
  - (ii) Remodeling of Tax structure as demanded by all Operators- BB rural connections may be exempted from service tax
  - (iii) Tax Holiday to BSNL for 10 more years
  - (iv) Interest paid to the Notional Rs. 7500 crores loan may be waived off
  - (v) Surrendered BWA spectrum fee may be reimbursed
  - (vi) Exemption from one time fee for holding spectrum beyond the specified limit
  - (vii) Exempt BSNL to pay 40% cost of Pension Expenditures and realize only Pension Contribution.
- (VIII) Pension payment be delinked with the Taxes receipts from MTNL/BSNL as it is Govt's responsibility.

We request you to please consider above views and grant packages as listed above we also solicit you to afford an opportunity to this Trade union organisation to express the views in person.

With kindest regards,

Yours faithfully,

  
(Chandeshwar Singh)  
General Secretary