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# MTNL EXECUTIVES' ASSOCIATION

## CENTRAL HEAD QUARTERS, NEW DELHI

[Affiliated to National Confederation of Officers' Associations of Central Govt. PSUs (NCOA)]

ALL CORRESPONDENCE  
TO GENERAL SECRETARY



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Ref. No.: MEA/CHQ/ PM | Delhi

DATE: 18-07-14

To

**Shri Narendra Modiji**

Hon'ble Prime Minister

Govt of India, New Delhi

20/7/14  
P.S. to C.M.D.  
सह सचिव निज. सचिव  
सह सचिव निज. सचिव



**Subject: Revival of MTNL, a Navratana Govt Telecom Company.**

Respected Sir,

In 1986, MTNL was formed by carving out two metro cities (Delhi & Mumbai) from DOT (Department of Telecom) on trial basis for five years with a stated aim and objective to empower MTNL management to generate funds and provide world class telecom services in these two capital cities with latest technology at affordable price

MTNL, on its part succeeded in meeting its objective and grew rapidly in terms of subscribers' base and earnings. Public in general and Corporate in particular aspiring for state of the art telecom services was provided with such services on demand and whole lot of waiting list was wiped out. But in 1994, New Telecom Policy allowed private participation in telecom services and Airtel-Bharti, a private company, was given the license of mobile services, but MTNL and DOT were not allowed to roll out mobile services. This decision gave first move benefit to Bharti Airtel in mobile services which resulted in shifting of our customers from fixed line to mobile services, thus affecting our revenue. Being private entity and devoid of any Regulatory Authority subscribers were charged heavily and used to pay Rs 18/- per minutes for outgoing calls and also Rs 16/- per minute for incoming calls. After persistent efforts of the Associations/Unions, the then Govt allowed MTNL to provide mobile services after 5/6 years and ultimately MTNL rolled out mobile services in 2001. With the entry of MTNL into Mobile services mobile call charges came down drastically gradually from Rs 18 per minute to Rs 1 per minute with free incoming calls. This affordable tariff resulted in multiple growth and penetration of telecom services down to the village level and brought a telecom revolution in

the country. MTNL played a very significant role in not only breaking the monopoly of the private operator in tariff but also in helping central exchequer to get lakhs of rupees against license fee, user charges and service tax etc. **This is the glaring example as to how with the presence of a strong PSU, the private operators cannot take the customers and the Government for granted.**

In the year 2010 during the 3G and BWA auction, MTNL was forced to pay Rs 11000/- (Eleven thousand crore) for 3G and BWA spectrum charges in spite of the fact that MTNL did not participate in the auction and that too after taking loan from banks. After this decision, MTNL hitherto a profit making company with Rs 5000 crore surplus was reduced to loss making with Rs 7000/- crore debt overnight. This unfortunate and uncalled for decision resulted in erosion of net worth as avoidable loan servicing started eating revenue and leaving nothing for expansion and maintenance of existing services. No company can survive without revenue growth which was stalled as no expansion of network was taking place. Ultimately, the loan starting piling up and today reached a level of Rs. 14000/- crores so also the debt servicing.

Employees and officers of the company are making their sincere and honest efforts to improve the efficiency and revenue of the company, but because of non availability of funds for expansion and maintenance of services, we are finding it difficult to meet the expectation of our esteemed customers as well as to increase the revenue.

MTNL is one of the NAVRATANAS of the Govt of India and it is the face of Govt. in telecom sector in two metro cities which are also the political and commercial capitals of India. Since its inception in 1986, MTNL has been playing vital role in socio-economic development of the country and has contributed more than Rs 60,000/- crore of rupees to the govt exchequer besides providing jobs to thousands of employees over the years. But, today it is struggling to survive because of wrong policies of the earlier govt for the reasons best known to them.

We know that as Chief Minister of Gujrat, your good self has got many PSUs turned around by just and equitable govt policy decisions. GGAS (Gujrat GAS) is a unique example in the history of corporate India where a PSU took over a MNC enterprise and turned it even more profitable. Even other Gujrat PSUs are markedly performing better than their central level peers even better than private companies.

**We, therefore, request your good self to take some favorable policy decisions to get MTNL turned around. At present, MTNL needs funds for capex and opex to make the ends meet. Some immediate decisions are required, like full payment of BWA spectrum, infusion of capital for expansion, govt sovereign guaranty to change present short term loans to long term loans so that company can have required funds for expansion and maintenance and some breathing space.**

We assure that we will work hard and do our best to provide world class telecom services to the esteemed customers and take the company to its glorious heights under your able leadership so that MTNL can further play a important role in the socio-economic development of the country and 60 thousand families of MTNL employees serving/retired can live their better life.

With kind regards

Yours sincerely

  
(V K Tomar)

Copy to:

1. Shri Ravi Shankar Prasad, Hon'ble MOC & IT
2. Shri Nirpendra Mishra, Principal Secretary, PMO, New Delhi
3. Shri Ajit Kumar Seth, Cabinet Secretary, Govt of India
4. Shri Rakesh Garg, Secretary DOT
5. Shri P K Purwar, CMD, MTNL
6. Shri Sunil Kumar, Director (HR), MTNL

*Handwritten notes:*  
19/11/17  
22/07/2017