

Tower Corporation- Dismantling Our Aerial Assets

In the name of Project Unnati KPMG consultant was appointed two years back to specify the augmentation of tower business with suitable organizational structure as in the lines of private operators. A meeting with KPMG people was arranged for all unions to know their recommendations. All the unions participated and in one voice opposed the recommendations and agreed to improve tenancy ratio by enhancing the sharing of number of towers. The following are some of the prime observations and recommendations of KPMG.

“Potential scenario: Market opportunity for 26-28,000 tenancies over FY14-FY18

Higher tenancy ratio with right pricing and focus on sales

Efficient operations with high site uptime. Separate financials and performance indicators.

Subsidiarisation structure : It is proposed that all tower business related assets, liabilities and operations be transferred to a subsidiary owned by BSNL.

Because BSNL (a PSU) will hold majority stake in the subsidiary, the subsidiary will also be a PSU, and will follow all rules and guidelines applicable for PSUs.

Advantages: Growth of tower business will not be affected by shortage of funds in BSNL. Tower business expansion will not burden BSNL's cash flows.

BSNL pays an unnecessary license fee of 8% on the external revenues of towers business as well No license fee to be paid by the Tower Subsidiary BSNL saves the unnecessary outgo of license fee on the external revenues of towers business.

Creation of SBU and Stabilization of business

Creation of subsidiary. Identification of assets to be transferred to (shared with) the Subsidiary.

Registration of the Tower Subsidiary.

Transfer of all assets, liabilities and contracts to the new company.

Hiring of personnel, if required.

Establishment of mechanism for billing with BSNL.

Creation of organization structure and transfer / deputation of personnel.

Induct Strategic Partner: Because BSNL (a PSU) will hold majority stake in the JV, the business will be governed by rules and guidelines applicable for PSUs.

Impact of restructuring on employees: No down-sizing of BSNL employees.

No change in salary structure for employees. For employees transferred / deputed to Tower JV, same PSU guidelines for salary and retirements will be applicable. More employees may be hired to handle specific functions in the Tower JV"

During the same time CMD., BSNL has informed the unions that the company is in an urgent need to revenues to meet capital expenditure and to modernize its existing assets in addition to meeting huge and disproportionate employees cost. To address the situation to some extent other revenue streams have got to be tapped using assets of the company. A proposal is under consideration to create subsidiary tower company to improve substantially the operations of our passive infra thereby generate additional revenue. But the findings of all the unions are having different facts and we opposed the proposal and cleared that it is nothing but stripping out of BSNL's core networks and creating way forward for its privatization.

We come to know by Aug 6th 2015 thro press coverage that the Cabinet gave 'in-principle' approval for hiving off state-run Bharat Sanchar Nigam Ltd's (BSNL) tower assets into a separate company, aiming to generate additional stream of revenues for the loss-making unit. The department of telecommunications (DoT) has been asked to constitute an inter-ministerial group consisting of representatives from public enterprises, department of pension and pensioners' welfare and department of economic affairs for working out the capital structure and organisational structure of the new company, sources said. In turn DoT addressed the concern authorities to nominate joint secretary rank officers for the IMG.

On knowing this, NFTE BSNL had reacted sharply and addressed DOT for the non inclusion of the major stake holder BSNL's representatives even in the IMG. We were told that representative of BSNL was included. No Union was updated including the recognized unions about the development. We were also not given any copy of the BSNL note given to IMG or the decisions of IMG for preparing Cabinet note by DOT.

We come to know that the Govt is in hurry and preparing for cabinet approval to form and register separate tower company. We have our own misgivings that it is the surest way for bringing some corporate giant as strategic partner and subsequently handover the BSNL's hard earned thousands of crores of assets that private giant.

There are hell a lot of questions that need some healthy discussion and arrival at some understanding before the mad push of any subsidiary PSU for our towers.

a.What is the guarantee that the new subsidiary company would be a Govt company having 100% share of BSNL?

b. What will be the long run impact on BSNL financials due to the loosing of Aerial assets?

c.What are the guarantees for the employees sending on deputation? No employee will be sent without knowing the proper service conditions till agreement with the concerned Unions/Associations? Implications of BSNL Pay, 37A etc?

d. Is there any guarantee to opt back to the parent company if any apprehension of future of the tower company?

On further discussion amongst the unions and the management, few more Questions may arise. In this uncertain situation, our National Forum has decided to voice our protest thro demonstration on Oct 27th. The other forum also synchronized its program on the same day. Let us fight unitedly to safeguard the interests of BSNL financials as well as interests of our employees.
