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TC recommends VRS for MTNL employees

The commission has also proposed steps to increase the PSU's revenue generating streams by monetizing its assets, which includes sharing its optic fibre, telecom towers and giving its buildings on rent.

Gulveen Aulakh | ET Bureau | 30 April 2016, 6:01 PM IST



NEW DELHI: The Telecom Commission, highest decision making body of the telecom ministry, has approved a proposal to provide voluntary retirement scheme (VRS) to employees at MTNL, in an effort to revive the loss making telco which has been losing revenue of up to Rs 2000 crore per year.

The commission has also proposed steps to increase the PSU's revenue generating streams by monetizing its assets, which includes sharing its optic fibre, telecom towers and giving its buildings on rent.

"Their employee cost is 78% of the revenue, so in effort to reduce employee cost that VRS scheme has been offered for three months, for 25% of their people above 50 years of age." a person familiar with the decisions taken said asking not be named.

MTNL has about 40,000 employees, which leads to massive employee cost for the state owned PSU. The cost outgo for 20% employees above 50 years of age - about 5300 employees - amounts to Rs 2,000 crore, including an ex-gratia of Rs 1000 crore.

The money saved from this exercise will be used for paying annual maintenance costs (AMC),, servicing equipment or buying new equipment, which will contribute to

improving quality of service, which at present is a pain point for the telco.

Other measures such as sharing its optic fibre, telecom towers and giving its buildings on rent will lead to saving as Rs 300 crore a year. MTNL is also doing a project for putting 6000 security cameras in Mumbai, and a similar contract has been raised by the Delhi government this week.

The TC also approved the strategy for Bharat Net, the government's plan to take internet to the masses. By March 2017, the government aims to tap 100,000 panchayats in the first phase, which at present stands at 6,000. Remaining 150,000 will be completed by between September 2016 and September 2018 in second phase which will have underground and overhead fiber on power lines, wireless and satellite, and use of state agencies.

"We will do a last mile Wi-Fi in the first phase, through common service centers on the basis of reverse bidding," the person added. "Customers will get a maximum rental of Rs 100 a month."

Bharat Net will begin as the third phase after September 2018.

All decisions will need to be cleared by the Cabinet.