

## **BSNL plan for VRS rejected, DoT wants 1 Lakh out - Business Standard dt 27.8.2011**

**Telecom operator had proposed to reduce workforce by 21,000.**

**R K Upadhyay**The department of telecommunications (DoT) has rejected state-run telecom operator BSNL's proposal to reduce its workforce by just 21,000. The DoT said the number was too low considering the financial burden.

**DoT has asked BSNL to work out a revised plan for reducing its headcount through schemes, including voluntary retirement scheme (VRS), a senior official said. The department has been reviewing the performance of the loss-making public sector unit (PSU) every month. DoT officials are of the view that BSNL needs to reduce its workforce by about 1,00,000, as suggested by Sam Pitroda.**

**The move is part of the government's initiatives to revive the telco. The PSU's employee base is about 2,80,000 and it has been struggling to survive in the industry due to high employee cost, declining revenues and low tariffs.**

**When contacted, BSNL Chairman and Managing Director R K Upadhyay said: "We are working on the details for the VRS plan. We need this (reduction in employees)." In an interview with Business Standard earlier, Upadhyay had said BSNL's biggest problem was that 49 per cent of its revenue go towards staff salary.**

**For the first time since its inception in 2000, BSNL had posted a loss of Rs 1,823 crore in 2009-10. It is expected, the company will make a loss of Rs 2,500 crore in 2010-11.**

**BSNL's sister concern MTNL, which offers telecom services in Delhi and Mumbai, has asked DoT to clear a VRS plan that would be offered to over 15,000 employees — almost one-third of its workforce. After the company's board gave it nod to the plan, MTNL had asked DoT to help them financially — Rs 2,000-3,000 crore to implement the retirement scheme. The state-run telco has an employee base of about 45,000.**

**In May, communications and information technology minister Kapil Sibal had said that the government will turnaround BSNL in the next six months. As part of the turnaround plan, BSNL has issued targets for all circle heads to increase revenues by about 15 per cent in the current financial year. Besides, it has started leasing out its telecom towers to private service providers and renewed its focus on the enterprise business.**

**The VRS scheme may require the company to make a one-time payment of about Rs 4,000- 5,000 crore, for which DoT will support it financially, people familiar with the discussions said. A senior official in MTNL had earlier said: "The VRS scheme will help us in reducing our wage bill annually and help us keeping our costs under control. Currently we have a surplus work force and according to our estimates we should not have more than 20,000 employees."**

**The need to reduce workforce was first mooted by Sam Pitroda, advisor to the Prime Minister on infrastructure. The Board for reconstruction of public sector enterprise had also recommended that BSNL should offer VRS to its employees.**

**However, any reduction in the workforce has been met with strong opposition from the workers' unions.**