

# MTNL wants DoT to pay for its pension bill

PTI | Jan 4, 2010, 02:11 AM IST

NEW DELHI: Concerned over falling revenues and profitability, state-run telecom firm MTNL has asked the government to pay pension to the company's retired employees in a bid to cut down wage costs.

"We have written to the Department of Telecommunication (DoT) saying that pension to our employees should be paid by the government as in the case of BSNL. Both MTNL and BSNL are government-owned. If government is paying for BSNL, why not for the MTNL?" MTNL CMD R S P Sinha said.

The PSU has undertaken three rounds of VRS to cut the excessive workforce but is unable to get any benefit out of the trimmed as the pension is being paid by MTNL itself. In addition to this, the Sixth Pay Commission has put extra burden on the wage and salary bill.

MTNL, which is consistently seeing its bottom and topline under pressure due to severe competition from the bigger rivals on the mobile front, feels high wage and salary costs can be checked if government approves its demand for parity with BSNL on the pension liability front.

Sinha said the company's wage bill rose by Rs 600 crore to around Rs 2,200 crore in 2008-09 primarily due to the pensions paid out on a turnover of Rs 5,000 crore. In 2008-09, 48% of MTNL revenues were used to pay wages and salaries.

In Q2 ended September 2009, MTNL's net profit went down to Rs 20.5 crore against Rs 91.4 crore in the same quarter last fiscal. Net income from operations slipped to Rs 955 crore from Rs 1,201 crore.