

# BSNL Rings In VRS Offer of Up To ₹20 L Per Employee

Proposed voluntary retirement scheme is designed to revive the loss-making PSU

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State-owned telecom operator Bharat Sanchar Nigam (BSNL) is ready to pay up to ₹20 lakh per employee as part of its proposed voluntary retirement scheme designed to revive the loss-making company. This is the first time the telco has spelt out the details of the VRS which has been under discussion for the past two years.

A top company executive told ET that all BSNL employees above the age of 45 will be eligible for the VRS. The company has set an internal target of 99,700 employees — comprising Group A (1,485), Group B (6,262), Group C (76,655) and Group D (15,214) staffers.

If the employee unions endorse the scheme, BSNL will look to outsource key functions like transmission and switching system installation, training, civil engineering and architectural work. "The objective is to emulate the outsourcing models of some world-class operators like Deutsche Telekom, British Telecom and Telstra," said a BSNL executive familiar with the discussions.

The BSNL board is slated to finalise the scheme at its meeting on September 29. An official privy to the discussions said the company is in talks with all major unions which are yet to communicate their views. The official added that the proposal will shortly go to the Union Cabinet after it is cleared by the telecom department.

As per a draft copy of the proposal viewed by ET, BSNL proposes to offer compensation equivalent to 35 days' salary (pay + dearness allowance) for each completed year of service and 25 days' salary for the residual service period till superannuation. This works out to a compensation ranging between ₹13 lakh and ₹20 lakh per employee.

A section of BSNL unions are, however, far from happy with the proposal.

## Early Solution

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All BSNL employees above the age of 45 will be eligible for the VRS comprising of Group A, B, C & D

The company has set an internal target of 99,700 employees

BSNL may outsource functions like transmission and switching system installation, training, civil engineering and architectural work

BSNL board is slated to finalise scheme at meeting on September 29



"BSNL's offer is not as generous as MTNL's which offered an ex-gratia amount of 60 days salary (basic + DA) for each completed year of service," said a spokesman of Sanchar Nigam Executives Association, which represents BSNL officers.

However, former Coal India chief Partha Bhattacharyya, who orchestrated several VRS exercises during his stint as chairman, feels the BSNL offer is pretty fair. "I would think BSNL's offer is better than what Coal India offered when it implemented VRS at its subsidiaries—Eastern Coalfields and Bharat Coking Coal," said Bhattacharyya, who is now managing director of Haldia Petrochemicals. Coal India had offered to give either 45 days' pay for each completed year of service or the same for the residual service period, whichever was lower. "The BSNL offer appears to be better since it offering compensation for both complet-

ed years of service and residual period until superannuation," he said.

The VRS has been under discussion since 2009 when a panel headed by Sam Pitroda, advisor to the prime minister on public information infrastructure and innovations, advocated that BSNL take the VRS route to prune its nearly 2.77 lakh strong workforce by a third. The proposed VRS aims to prune BSNL's annual salary bill which, at ₹13,791 crore, works out to a hefty 46.5% of its total income.

BSNL's liability for the proposed VRS is pegged at a modest ₹2,705 crore, while the telecom department will shoulder nearly ₹15,476 crore. It remains to be seen whether BSNL has the cash reserves to fund its portion of the VRS bill, given its continuing run of losses and the fact that it has to shell out a staggering ₹18,000-odd crore to pay for 3G and broadband wireless airwaves.

## Aircel Rejigs Biz into Two Divisions

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MUMBAI

Maxis-owned Aircel has restructured its businesses into two divisions, an executive with direct knowledge of the development told ET. Its business will be divided into an operating division, handling the company's Go-to-Market strategy, branding exercise and subscriber additions, and network division that will oversee its active infrastructure.

The executive quoted above said that post the restructuring, the company's Chief Operating Officer Gurdeep Singh

would head the network division. Both Singh and Mathur will report to Sandeep Das—the CEO of Aircel and a Maxis Telecom appointee, this executive added.

The telco, 74% owned by Malaysian telecom giant Maxis, is also looking to reduce headcount by this exercise. A source close to the development said that close to 10% of its employee base — which is almost 600 employees — could be identified and handed the pink slip. But the Aircel spokesperson denied the restructuring would make employees redundant and said that 600 staff being laid off was 'absolutely incorrect and baseless'.

routinely make operational moves that improve our efficiency, to ensure that Aircel stands among a list of professionally run companies. There is no question of laying off 600 staff at all, this is absolutely incorrect and baseless," the Aircel spokesperson said.

Aircel now joins Bharti Airtel, Tata Teleservices and Reliance Communications who recently carried out major restructuring exercises by merging business verticals and reducing employee headcount. All telcos are focusing on cost-cutting measures to boost efficiencies as they fight multiple challenges of high debt burdens, slowing growth and high mar-