

## **JAC proposals for New Telecom Policy, 2011**

The New Telecom Policy announced by the P.V.Narasimha Rao Government in 1994 and the New Telecom Policy 1999 announced by the Vajpayee Government were aimed at increasing the exploitation of the fast growing telecom sector in India by the combination of Indian and foreign big capitalists.

As a result of these anti-people NTPs, despite the tremendous increase in the number of telephone connections(land line and mobile) from 1.53 crores in 1997 to 78.72 crores on 31-12-2010, the indigenous production of telecom equipment, Research and Development in telecom technology came almost to a halt, and the mobile technology and equipment is being purchased entirely from foreign manufacturers like Nokia, Ericsson, Samsung, Motorola, Huawei, ZTE etc. The premier Indian Industries in telecom manufacturing sector like ITI, HCL etc have become sick and the Indian R&D institutes like C-DoT were virtually killed due to the Government's negative attitude.

Despite the tremendous increase in the number of telephone subscribers by almost 51 times during the period 1997 to 2010 December, the number of regular employees in telecom sector (including production and services sector) decreased considerably. There is increase in the contract/casual and other low paid jobs indicating the increasing exploitation of the labour power.

The Private telecom companies are only interested in profit and are not caring for the security of the country. Their networks are fully installed and maintained by foreign telecom companies, which is harmful for the security of the country. Moreover the Government increased the FDI limit in telecom services companies from 49% to 74% and further amended it so that the FDI has increased over and above this 74% indirectly. As a result in several private telecom companies the FDI crossed 50%, thereby the foreign capitalists becoming the owners of those companies which is against the security concerns.

In the interest of the security of the country and in the interest of equitable development of telecom services in all areas including the rural and backward areas and making modern telecom services available to all sections of the people including the poor in rural and urban areas, it is necessary to continue BSNL and MTNL in Public Sector and to strengthen them.

The policy of the Government is aimed at dismantling the PSUs in telecom sector-both in production and in service sector. Disinvestment, VRS, fragmentation of these PSUs into several units, unbundling, outsourcing, and casualizing the jobs are the targets the Government wants to implement. The Joint Action Committee of Non-executive and Executive Unions and Associations in BSNL organized united struggles against these policies. These were intended to compel the Government to purchase the GSM equipment etc in time in order to develop BSNL.

The combined attack of Indian and Foreign big capitalists is continuing on BSNL, MTNL, ITI, HCL, C-Dot etc with the whole hearted support of the Government. The aim is to loot the telecom sector, and obstruct self reliant development. Indian Government is bent upon encouraging the foreign capital in Indian telecom sector and the big Indian telecom private companies like Airtel to acquire companies in other countries and not caring for self reliance in the development of Indian telecom sector.

How self reliance can be achieved while developing the telecom sector can be learnt from the experience in China. The Government in China did not allow private companies in telecom sector. The telecom services are operated by Public Sector Companies. This gave strength to the Government to bargain with foreign telecom equipment manufacturers. The Government has put a condition that the foreign telecom equipment manufacturers should establish their companies in China, that they should be only a minority partner and should transfer their technical know how to its partner Chinese company. The foreign companies were compelled to agree for this condition since they wanted to enter the Chinese market which was huge and controlled by the Government. The Chinese companies have thus acquired the technical know how and developed it further with their indigenous research and development. Today the Chinese telecom equipment manufacturing companies like Huwai, ZTE etc., are competing with Motorola, Ericsson, Nokia etc in the GSM/CDMA equipment and selling that equipment to several countries including India. Several Chinese companies are manufacturing and exporting mobile handsets. Besides, China is number one in the number of telephone subscribers.

Even on the important question of national security, the Government bent down to the pressure of the foreign manufacturers and diluted the norms. Due to the concerns raised by the Indian security agencies over the possibility of embedded malware and spyware in the imported telecom equipment, the Government of India issued guidelines in 2010 for the foreign equipment suppliers that they should transfer their technology to Indian manufacturers within three years, should appoint only Indians while installing, maintaining and operating the networks for the telecom services companies and should deposit their software source codes in an escrow account. But the foreign vendors like Motorola, Nokia, Ericsson opposed this, whereas the Chinese vendors agreed for the escrow account and deposited source codes. Finally coming under the pressure of the American and European equipment vendors, the Government diluted all these norms and issued revised guidelines on 31-5-2011. As per these revised guidelines, the foreign suppliers need not transfer their technology, need not deposit their source code in escrow account, and need not man the telecom network with Indians except at the level of Chief Technology Officer etc. While thus absolving the foreign vendors from any responsibility regarding security, these new guidelines put the entire responsibility on telecom services companies. The telecom service companies have to get their network audited from the security point of view by a certified agency, call data of customers must be made available along with the tracking of their location for two years etc. According to the estimates, the technical up gradation for acquiring these capabilities will cost Rs 5000 crore to 5800 crore per operator within next 3 months. The telecom services operators are demanding the Government to share the burden. Thus the burden of security of the telecom network is being shifted from foreign equipment vendors to telecom services companies which in turn are trying to shift that to the government exchequer.

Keeping all these issues in view, we submit that the New Telecom Policy 2011 should include the following important points in it:

a) The policy should treat the telecom PSUs in manufacture, services and R&D sectors as the primary vehicles for achieving self sufficiency in telecom equipment production and for equitable development of telecom services and for dependency in case of emergencies and for national security.

b) The indigenous telecom equipment manufacturing PSUs like ITI, HCL, and the Telecom Factories in BSNL should be encouraged. It should be made mandatory for the telecom services companies in Public Sector (BSNL, MTNL) and in private sector (Airtel, Vodafone Essar etc) to place orders to these indigenous manufacturing companies for procuring the equipment required for expanding their networks. The Indian Products [with Indian IPR (Intellectual Property Right), Design and manufacture in India] should be encouraged and not simple Indian manufacture without IPR. The R&D should be in Government undertakings like C-DoT, TEC, ITI, BSNL, MTNL etc for which the Government should provide adequate funds.

c) To acquire the latest telecom technology, these indigenous manufacturing companies may be allowed to have technical collaboration with foreign companies with the condition of technology transfer without foreign equity participation. The Indian manufacturing companies can develop this acquired technology by doing further research and development on it. Such indigenous research and development in telecom technology should be encouraged by the Government.

d) All the telecom service companies should be directed to maintain their telecom network by themselves without outsourcing it to the foreign equipment manufacturing companies. This is required in the interest of the security of the country. The foreign equipment vendors should transfer their technology to Indian entities and also should deposit their source code in escrow account, in the interest of security of the country.

e) The private telecom equipment manufacturing companies and the private telecom service companies should implement trade union rights and avoid the exploitation of workers. The wages of the workers in these private companies should be decided through collective bargaining.

f) FDI should not be allowed in telecom sector.

g) There should be no disinvestment/outsourcing/unbundling in telecom PSUs viz. BSNL & MTNL.

h) BSNL should be exempted from payment of license fees since it is providing landline services to the rural areas as well as in urban areas incurring losses. The land line network should be recognized by the Government as a valuable asset of the nation. For the present it is unavoidable for the landline network to incur losses. But once the broadband services are extended in large scale utilizing the landlines, these losses will get reduced and even profit will be there. Till then BSNL and MTNL should be exempted from paying the license fees.

i) No spectrum fees should be collected from BSNL and MTNL. The amount of Rs 18500 crore collected in the name of 3G and BWA spectrum charge should be refunded to BSNL. Similarly the amount collected in the name of 3G and BWA spectrum fee should be refunded to MTNL.

j) By adopting the public-public participation system, all the Central/State Government Departments/undertakings should be directed to meet their telecom services requirements from BSNL/MTNL only.

k) Instead of behaving bureaucratically and acquiring the fraudulent culture of the private sector, the BSNL / MTNL Management should act as the managers of the Public Sector which is meant for serving the people

of the country, with a social outlook. Therefore the management should work for extending modern telecom services including broad band internet services to all sections of the people , including those in rural and backward areas at cheaper rates. At the same time they should compete with the private telecom service companies in extending the modern high end telecom technology and services to the Corporates and high income subscribers in order to earn profits. They should encourage the employees to work effectively for both these purposes. The ITS officers acting as managers of BSNL and MTNL at all levels, should get themselves absorbed in BSNL/MTNL and take full responsibility for developing BSNL/MTNL.

l) The private telecom companies, whether in production sector or in service sector, should implement SC/ST/OBC reservations in employment and contribute for social justice.

m) There should be a national wage policy for the entire telecom sector covering both Public Sector and Private Sector including for the casual and contract workers and also equal wage for equal work. The trade union rights should be implemented in private telecom companies also.

n) The amount swindled by the private telecom operators in 2G spectrum scam should be collected by the Government and their licenses should be cancelled. The merger and acquisition policy should not be for enabling trade in license and spectrum by the unscrupulous players quick profits.

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Convener

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