

**JOINT ACTION COMMITTEE OF ASSOCIATIONS / UNIONS  
OF BSNL EXECUTIVES & NON-EXECUTIVES**

*D-7, Telegraph Place, Gole Market, New Delhi – 110 001.*

---

JAC / GL

10.07.2010

To

**Shri Pranab Mukherjee,  
Hon'ble Finance Minister,  
Government of India,  
New Delhi – 110 001**

Sub: - **Reimbursement of 3G and BWA Spectrum Charges paid by BSNL - requested**

*Respected Sir,*

On behalf of the Joint Action Committee of BSNL Associations / Unions of Executives and Non-Executives, representing the three lakhs and odd workers of BSNL, we would like to place the following for your consideration and favorable decision.

**Reimbursement of 3G and BWA Spectrum Charges paid by BSNL**

As per the recent auction of 3G Spectrum, BSNL has been ordered to pay Rs.10,178 crores for pan India charges and the same has been remitted to the Government. In the same way, an amount of Rs.8313 crores have been paid towards Broadband Wireless Access (BWA) Spectrum charges. The total amount comes to Rs.18,500 crores paid by BSNL to Government.

As you are well aware, BSNL is a fully Central Government owned PSU and is an organization to implement the government commitment for universal service in rural areas and lakhs of villages through out the country including difficult terrains. Despite the fact that licenses for providing mobile services have been granted to private telcos 16 years back, they are yet to provide phones in many of these loss making and remote areas. It is left to BSNL to provide services in these areas as part of the social commitment of the government.

BSNL as a PSU has to work as per strict guidelines given by DoT and TRAI in addition to the general instructions of the government on procurement of lines, development, expansion etc. While there is no restriction for private telcos with regard to the mode of their procurement, BSNL has to strictly abide by instructions from government. The tender of 45.5 mobile lines were reduced to half (2008) and the present tender for 93 million (2010) was completely cancelled as per instructions from govt. resulting in a serious capacity crunch and loss of revenue and market share. Further, BSNL was not allowed to purchase equipments from Chinese companies which are cheap, while the private telcos were using the same. BSNL is continuing with the system of Telecom Advisory Committees in all SSAs, and Circles while no such system is insisted for private companies. Due to historical reasons, BSNL is having a workforce of more than 3 lakhs, and has increased wage bills, while private telcos have only very limited workforce to pay.

It is based on all these factors that BSNL was assured of financial assistance at the time of its formation through Reimbursement of License Fee, payment of Access Deficit Charge and grant from Universal Service Obligation Fund (USOF). Except grant from USOF, which also has been reduced substantially after the grant was made eligible to private companies, all others have been withdrawn.

Due to the various reasons mentioned above, the revenue, profit and market share of BSNL has gone down. [It is also another factor that while in many other sectors, the prices / services charges have gone up, in telecom it has declined sharply, resulting in less revenue.] The cash surplus of BSNL has been coming down and after payment of the 3G and BWA Spectrum Charges, almost all the surplus may be wiped out.

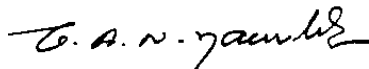
In such a situation, it is necessary that for keeping the financial viability of BSNL, the spectrum charges of Rs.18,500 crore paid by BSNL be reimbursed on the following among other grounds:

- (1) As per National Telecom Policy 1999, license for roll out of mobile lines was granted free to BSNL and the same should be in the present case also.
- (2) BSNL was not a party to the bid and as such it could not select the circle as per market requirements. But it was compelled to pay the highest bid amount. Private companies have selectively bid and hence their total payment is less. For example while BSNL has paid Rs.10,178 cr. for 3G Spectrum others have paid far less. Heavy burden has fallen on BSNL, compared with private companies.
- (3) The govt. of India is giving grant to Air India and other loss making PSUs to bail out and restore their financial liability. While such bail out package is not necessary for BSNL at present, at least the reimbursement of spectrum charges has become of utmost necessity to maintain its financial position.

It is, therefore, requested that the Hon'ble Finance Minister may kindly look in to the matter and take a decision for reimbursement of 3G and BWA Spectrum Charges paid by BSNL which will help the PSU to improve its financial position and growth. We also request you to kindly grant a meeting to present our case personally to you.

Thanking you,

*Yours faithfully,*



**V.A.N. Namboodiri**  
Convener, JAC  
Mob: 9868231431