

Government of India  
Ministry of Communication & IT  
Department of Telecommunications  
Wireless Planning & Coordination Wing  
Sanchar Bhavan, New Delhi - 110 001

No.: L-14046/01/2010-3G ) 2661

Date: 14/09/2010

To

The All India Bharat Sanchar Nigam Limited  
Officers' Association,  
Central Head Quarters,  
37, Laxmibai Nagar, New Delhi-23.

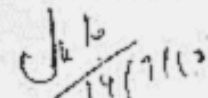
**Subject: Request for refund of 3G & BWA Spectrum charges paid by BSNL**

Sir,

Kind reference is invited to your letter No. AIBSNLOA/CHQ/2010/39 dated 12<sup>th</sup> July, 2010 addressed to Hon'ble Prime Minister of India on the subject mentioned above. This Ministry has examined the matter and it is conveyed that your request for refund of 3G and BWA spectrum charges paid by M/s BSNL was not acceded by the competent authority due to the following reasons:

- (i) One of the terms of allotment of spectrum to BSNL was that BSNL would have to pay a one time spectrum fee at a price equal to the highest bid, and determined through the auction of 3G and BWA services. This condition was also incorporated in the Notice Inviting Applications (NIA). Thus, the present request of BSNL for the reimbursement of the amounts is contrary to the agreed terms and cannot be supported at this belated stage.
- (ii) If the request of reimbursement is accepted in case of BSNL, level playing field considerations can be invoked by other market participants and the issue is therefore also fraught with legal considerations.
- (iii) The rural obligation of BSNL as regards rolling out of BWA services, have to be met transparently through the mechanism of USO fund.
- (iv) Further, as regards the deteriorating financial health of BSNL, on the basis of recommendations of the SAM PITRODA Committee the restructuring of BSNL needs to be taken up in right earnest. The appropriate remedy is to improve the operational efficiencies of BSNL which needs to be addressed through an appropriate plan of action aimed at internal re-engineering of business process, rather than through Government aid and subsidy.

Yours faithfully,



(T.K. Varada Krishnan)  
Joint Wireless Adviser

Copy to: Prime Minister's Office for information with reference to PMO ID No.  
1/3/2010-PMP1/187809 dated 11/08/2010