

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS**

**LOK SABHA
UNSTARRED QUESTION NO. 1563
TO BE ANSWERED ON 27TH NOVEMBER, 2019**

BAILOUT PACKAGE FOR BSNL AND MTNL

1563. SHRI MANISH TEWARI:

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) the details of Rs. 70,000 crore bailout/revival package provided by the Government to Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL);
- (b) whether the said bailout package includes the allotment of Rs. 20,000 crore worth of 4G spectrum at an administered price pegged at 2016 rates and if so, the details thereof; and
- (c) whether the aforesaid allotment of 4G spectrum at administered price will violate the apex court decision that auction be the preferred mode of spectrum allotment and discriminate against companies that have bought spectrum in auctions and if so, the details thereof and the reaction of the Government thereto?

ANSWER

**MINISTER OF COMMUNICATIONS, LAW & JUSTICE AND
ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)**

(a) to (c) The Cabinet in its meeting held on 23-10-2019 approved the revival plan for Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL). The revival plan inter-alia, includes the measures to reduce the Staff cost through a Voluntary Retirement Scheme (VRS) to the employees of age 50 years and above, administrative allotment of Spectrum to BSNL and MTNL for providing 4G services, monetisation of assets of BSNL and MTNL, debt restructuring by raising of sovereign guarantee bonds and in-principle merger of BSNL and MTNL.

The Government has approved Rs.29,937 Cr (Rs.17,169 Cr on account of Ex-Gratia on VRS and Rs.12,768 Cr due to preponement of pensionary benefits spread over a period of ten years) through budgetary allocation for VRS. Full cost of spectrum (excluding GST) of Rs.14,115 Cr for BSNL and of Rs. 6,295 Cr for MTNL will be funded by Government through equity infusion and subscription to non-cumulative preference shares respectively. GST component of Rs 3,674 Cr on the cost of spectrum will also be funded through budgetary allocation from Government. Government has also approved sovereign guarantee bonds of Rs 15,000 Cr to be raised and serviced by BSNL and MTNL.

The cost of spectrum for 4G services is based on the prices discovered through auction in respective Licensed Service Areas (LSAs) during 2016 auction. However, this amount may be revised based on the rates discovered in the next auction. Administrative allotment of spectrum for 4G services to BSNL/MTNL has been made after considering all aspects and taking legal opinion.
