

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 / 2659

Date: 14/09/2010

To

The General Secretary,
MTNL Executives' Association,
239, Ashoka Enclave, Part-I,
Faridabad-121003 (Haryana).

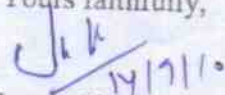
Subject: Refund of 3G & BWA Spectrum charges of Rs 11000 Crore paid by MTNL

Sir,

Kind reference is invited to your letter No. MEA/CHQ/PM/Delhi dated 4th 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 MTNL was not acceded by the competent authority due to the following reasons:

- (i) One of the terms of allotment of spectrum to MTNL was that MTNL 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 MTNL 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 MTNL, level playing field considerations can be invoked by other market participants and the issue is therefore also fraught with legal considerations.
 - (iii) Further, MTNL is operating in urban markets where consumer subsidization is not an issue. The appropriate remedy is to improve the operational efficiencies of MTNL and enable them to compete, on level playing field basis, with other telecom operators. They have to be addressed through an appropriate plan of action aimed at internal re-engineering of business process, rather than through Government aid and subsidy.
2. The issue of "payment of pension by MTNL on behalf of Govt." has been referred to concerned wing of DoT (Establishment Wing) for appropriate action.

Yours faithfully,


(T.K. Varada Krishnan)
Joint Wireless Adviser

- Copy to: 1. Prime Minister's Office for information with reference to PMO ID No. 3/3/2010-PMP4/187809 dated 18/08/2010
2. DDG (Establishment), DoT, Sanchar Bhavan, along with copy of MTNL Executives' Association letter for necessary action in respect of para 2 above.