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DoT wants government to bear the cost of the one-time spectrum fee for BSNL and MTNL

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NEW DELHI: The telecom department (DoT) wants the central government to bear the cost of the one-time spectrum fee for [BSNL](#) and MTNL. Seeking Cabinet approval, the department has said that these loss-making and debt-stricken state-owned telcos are not in a position to shell out nearly Rs 12,000 crore toward this charge.

The DoT has also sought the Cabinet's clearance to refund a part of the 4G spectrum costs of these companies as they had surrendered these airwaves last year citing lack of a business case. According to the Cabinet note, BSNL has surrendered 4G spectrum in six regions and is entitled to a refund of Rs 6,725 crore while the corresponding figure for MTNL [BSE 1.30 %](#) is Rs 4,534 crore.

If the Cabinet approves these demands, it will cost the Centre over Rs 23,200 crore and this will wipe out the gains from both the previous and the upcoming spectrum auctions. This will also hamper the government's efforts to plug its widening fiscal deficit. BSNL, which offers services in all regions except Mumbai and Delhi, had registered a loss of Rs 8,851 crore in 2011-12 and MTNL about Rs 4,110 crore during the same period.

Last month, the Cabinet had approved the recommendation of a panel of ministers to impose a one-time fee on mobile phone companies, both prospectively and retrospectively, for the airwaves they currently hold. This charge came into effect from January 1, and the DoT has given telcos the option of paying a third of it upfront and the rest in equal installments based on the validity of their licences.

Making a case for government support to these two mobile phone firms, the DoT in its Cabinet note said BSNL and MTNL are of strategic importance to the country, are providing services in far-flung areas and jointly account for 80% of landline and 71% of broadband connections in India. "BSNL is currently implementing a number of pan-India projects of national importance - network for spectrum costing around Rs 14,500 crore, national optical fibre network (NOFN) costing around Rs 20,000 crore, and in the North Eastern regions, it is providing telecom services in those areas where no operator has reached. BSNL and MTNL together are having strategic importance for providing telecom services to defence services and other central paramilitary forces. BSNL is also instrumental for implementing most of the schemes of Universal Service Obligation Fund for providing telecom services in rural and remote areas," the Cabinet note said.

It further added that liabilities of both the PSUs "had led to difficulties in meeting their basic financial commitments like payment of salaries to staff and operation and maintenance of their telecom network".

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