

# Demand for Grants 2024-25 Analysis

## Telecommunications

The Department of Telecommunications under the Ministry of Communications is responsible for promotion and regulation of the telecommunications (telecom) sector. The Department also administers several public sector undertakings involved in providing telecommunication services, consultancy, training and equipment manufacturing.<sup>1</sup> This note examines the allocation to the Department in 2024-25, trends in expenditure over the last few years, and discusses certain key issues in the sector.

### Overview of Finances

#### Expenditure<sup>2</sup>

In 2024-25, the Department has been allocated Rs 1,11,915 crore, an increase of 14% over the revised estimates of 2023-24 (Table 1). In 2024-25, 79% of the Department’s budget is towards support to BSNL and MTNL. The allocation to the Department in 2024-25 is 2.3% of the total budget of the central government.

**Table 1: Allocation for 2024-25 (Rs crore)**

	2022-23	2023-24 BE	2023-24 RE	2024-25 BE	% change from 2023-24 RE to 2024-25 BE
Revenue	64,232	35,887	28,260	27,419	-3%
Capital	54,729	61,692	70,099	84,496	21%
<b>Total</b>	<b>1,18,961</b>	<b>97,579</b>	<b>98,359</b>	<b>1,11,915</b>	<b>14%</b>

Note: RE: Revised Estimates; BE: Budget Estimates.  
Sources: Expenditure Budget, Union Budget 2024-25; PRS.

Between 2020-21 and 2023-24, roughly half (47%) of the budget of the Department has been spent on BSNL and MTNL. Support to BSNL has been announced in three tranches (Table 2).<sup>3,4,5</sup> The budgetary trend shows that while funds were provided for the voluntary retirement scheme, no capital infusion took place in either 2020-21 or 2021-22.

Capital infusion of Rs 82,916 crore is estimated for BSNL in 2024-25. This is 28% higher than the revised estimates for 2023-24 (Rs 64,787 crore). In 2022-23, actual capital infusion (Rs 26,386 crore) was 41% lower than the budget estimates (Rs 44,720 crore). However, viability gap funding of Rs 16,189 crore was spent. Viability gap funding for 2023-24 (revised estimates) and 2024-25 is estimated to be Rs 1,200 crore each year.

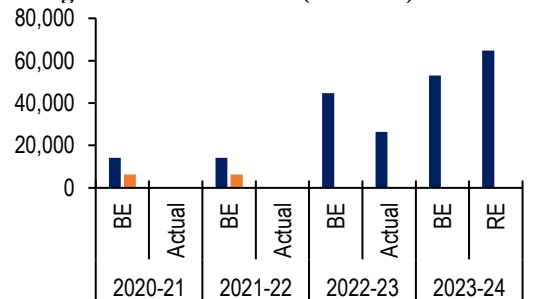
**Table 2: Major components of revival plans as sanctioned by Cabinet (Rs crore)**

Component	Amount
<b>2019 Revival Package</b>	
Purchase of Spectrum	20,140
Voluntary Retirement Scheme	17,169
Sovereign Guarantee for Bonds	15,000
Support for Payment of GST for Spectrum	3,674
<b>2022 Revival Package</b>	
Purchase of Spectrum	44,993
Sovereign Guarantee for Bonds	40,399
Support for Payment of AGR Dues	33,404
Support for Capital Expenditure	22,471
<b>2023 Revival Package</b>	
Purchase of Spectrum	88,516
Miscellaneous	532

Sources: PIB Press Releases; PRS.

Since 2021-22, no capital infusion has been budgeted or spent in MTNL (Figure 1). In 2023-24, at the revised estimates stage, Rs 865 crore was added as payments towards MTNL bonds. For 2024-25, this amount has increased by 324% to Rs 3,669 crore. See Table 9 in the annexure for complete details.

**Figure 1: Capital infusion in BSNL and MTNL during 2020-21 to 2023-24 (Rs crore)**



■ Capital Infusion into BSNL ■ Capital Infusion into MTNL

Note: BE stands for Budget Estimates and RE stands for Revised Estimates.

Source: Union Budget documents of various years; PRS.

Pension expenditure is estimated to be the second largest expenditure (16%) of the Department. The pension provision is for pensionary benefits of the employees of the Department including employees absorbed in BSNL, and employees of MTNL with effect from April 2014.<sup>2</sup>

Telecom Service Providers (TSPs) are compensated from the Universal Service Obligation Fund (USOF) for providing and maintaining telecom infrastructure and services in rural and underserved areas. In 2024-25, the estimated compensation will

be Rs 10,100 crore. Compensation to TSPs has risen 112% in the revised estimates for 2023-24 (Rs 10,600 crore) as compared to the budget estimates (Rs 5,000 crore). In 2022-23, expenditure on this head was Rs 2,000 crore. This head also comprises expenditure on various schemes, such as the 4G saturation project and connectivity for aspirational districts.

**Table 3: Major expenditure heads in 2024-25 (Rs crore)**

Expenditure Head	2022-23 Actuals	2023-24 BE	2023-24 RE	2024-25 BE
Support to PSUs	46,636	60,110	72,586	88,265
Pension	15,531	20,650	17,000	17,510
Compensation to TSPs	2,000	5,000	10,600	10,100
Bharatnet	1,500	5,000	5,000	8,500
Network for defence services	1,368	2,158	3,752	0
PLI Scheme for Telecom Sector	39	800	515	1,806

Note: For 2023-24 RE, expenditure on PLI scheme includes expenditure on Technology Development and Investment Promotion and the Champion Service Sector Scheme.

Sources: Expenditure Budget, Union Budget 2024-25; PRS.

Bharatnet is the scheme which aims to connect all villages with optical fibre network. In 2024-25, allocation towards Bharatnet is estimated to be Rs 8,500 crore. This is 70% higher than the revised estimates of 2023-24. In 2023-24, budget estimates for Bharatnet (Rs 5,000 crore) was 29% lower than the budget estimates for 2022-23 (Rs 7,000 crore). However, the actual expenditure on the scheme in 2022-23 was Rs 1,500 crore, which is 79% lower than the budget estimates. Expenditure towards Bharatnet is met from the USOF.

### Low spending on PLI scheme

In February 2021, a Production-Linked Incentive Scheme was notified to promote telecom and network products manufacturing in India, with total projected outlay of Rs 12,195 crore.<sup>6,7</sup> The scheme provides incentive of 4%-6% on the incremental sale of products manufactured in India, with certain conditions also applicable for minimum investment. In 2020-21 and 2021-22, no expenditure was registered under the scheme. In 2022-23, Rs 39 crore was spent on the scheme against a budget estimate of Rs 528 crore. In 2023-24, about Rs 500 crore is expected to be spent under this scheme as per the revised estimates.<sup>2</sup> This is lower than the budget estimate (Rs 800 crore). In 2024-25, the allocation towards this scheme is Rs 1,806 crore.

The scheme is applicable to transactions from April 1, 2021 onward.<sup>6</sup> The support is to be provided for a period of five years, from 2021-22 to 2025-26. The first round of application were invited between June 2021 and July 2021.<sup>8</sup> In June 2022, the scheme was amended to add a component for design-led manufacturing.<sup>6</sup> Additional applications were invited for design-led manufacturing as well as others for five years commencing from April 1, 2022.<sup>8</sup> They were also given an option of shifting the benefit period by one year.<sup>9</sup> The second round of applications were invited between June 2022 and August 2022. In total, 42 companies have been granted approval under the scheme as of December 2022.<sup>9</sup> These companies have committed investment of Rs 4,115 crore.<sup>9</sup> Generation of additional sale of Rs 2.45 lakh crore and additional employment of 44,000 is expected over five years.<sup>9</sup>

**Table 4: Progress under the PLI Scheme for telecom and network products manufacturing as of May 31, 2024**

Category	Investment (Rs crore)	Sales (Rs crore)	Employment (in number)
Micro, Small, and Medium Enterprises	304	3,470	3,815
Other Domestic Companies	1,690	10,754	10,549
International Companies	1,407	37,413	3,461
<b>Total</b>	<b>3,401</b>	<b>51,637</b>	<b>17,825</b>

Sources: Telecom PLI Dashboard, Udyami Mitra Portal, SIDBI, as accessed on August 10, 2024; PRS.

### Key infrastructure development projects see significant delays and cost escalation

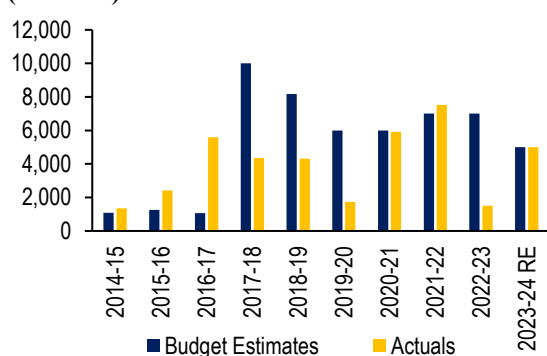
#### Bharatnet

The Bharatnet scheme was launched in 2011 with an aim to connect about 2.5 lakh gram panchayats with optical fibre network (a total of 6.5 lakh kilometre).<sup>10</sup> As per the initial approval, the scheme was to be completed within two years, i.e., by 2013.<sup>10</sup> However, the project could take off only after July 2014, which required the deadlines to be revised.<sup>10</sup> Key reasons were inadequate planning and design, and lack of preparation to address implementation issues.<sup>10</sup>

The project has been divided into two phases. The target for completion of Phase-I of connecting one lakh gram panchayats was set for March 2017.<sup>10</sup> Phase-I was delayed by another nine months, and was completed in December 2017.<sup>10</sup> The deadline for Phase-II to connect remaining gram panchayats has been moved multiple times, from March 2019 to March 2020, and then August 2021.<sup>10,11,12</sup>

In June 2021, the Cabinet extended the purview of the scheme to cover all inhabited states and villages.<sup>13</sup> The duration of the scheme was also extended to 2025.<sup>13</sup> As of August 10, 2024, optical fibre has been laid in 2,10,552 gram panchayats, of which 2,06,709 (98%) are service ready.<sup>14</sup> Additionally, 4,952 gram panchayats have been connected by satellite. Reasons cited for the delay of Phase-II include: (i) difficulty in accessing remote areas, (ii) delay in obtaining right of way permissions, (iii) delay in finalisations of tenders by state Special Purpose Vehicles (SPVs), and (iv) disputes between state SPVs and project implementation agencies.<sup>15</sup> A SPV is a company created for implementing a specific project.<sup>16</sup>

**Figure 2: Expenditure towards Bharatnet (Rs crore)**



Sources: Union Budget Documents of various years; PRS.

### Low fund utilisation in 2022-23

In 2022-23, the actual expenditure on Bharatnet was Rs 1,500 crore as compared to a budget estimate of Rs 7,000 crore. As per the Department, this underspending was due to a slower implementation of the state-led model. The Department also did not receive any bids for the public private partnership (PPP) model, which slowed down implementation.<sup>15</sup> In 2023-24, the estimated expenditure on the scheme is Rs 5,000 crore (the same as the budgeted estimate).

### Scope enhanced to connect all inhabited villages

The scheme's scope has been enhanced from time-to-time. The initial scope was to make gram panchayats service ready by connecting them with optical fibre networks. In July 2017, the implementation strategy was revised to include last mile connectivity through Wi-Fi or any other suitable technology to all gram panchayats.<sup>10</sup> Last-mile connectivity is to be provided through viability gap funding in public private partnership mode.<sup>10</sup> As of August 10, 2024, Wi-Fi hotspots have been installed in 1.04 lakh gram panchayats, out of which only 6,066 are active.<sup>14</sup> In June 2021, the scope was further enhanced to connect all inhabited villages beyond gram panchayats to optical fibre network by 2023.<sup>13</sup>

### Contribution of revenue from communications

The government earns revenue from communication services, such as proceeds from auction of spectrum, licence fees, and spectrum usage charges. In 2024-25, non-tax revenue from communication services is estimated to be Rs 1,20,267 crore, which is 22% of the estimated total non-tax revenue (Rs 5,45,701 crore).<sup>17</sup> Collections are estimated to increase by 29% compared to the revised estimates of 2023-24 (93,541 crore).

One of the sources of such revenue is through spectrum auctions. TSPs (or other entities) must purchase the rights to use certain parts of the spectrum. Spectrum must be auctioned. It may be assigned administratively to certain entities such as BSNL and Prasar Bharti. Table 5 shows the amount collected from spectrum auctions since 2014.

**Table 5: Amount Collected through Spectrum Auctions since 2014 (Rs Crore)**

Year of Auction	Amount Raised
2014	60,677
2015	1,09,227
2016	65,789
2021	77,821
2022	1,50,173
2024	11,340

Sources: Unstarred Question No. 1492, Rajya Sabha, December 15, 2023, PIB; PRS.

Revenue from auctions is dependent on bids received. For the 2024 auctions, spectrum worth Rs 96,238 crore was auctioned.<sup>18</sup> However, only Rs 11,340 crore worth of spectrum was sold.<sup>19</sup> Unsold spectrum is sold in the next round of auctions.

### Network for Defence Services

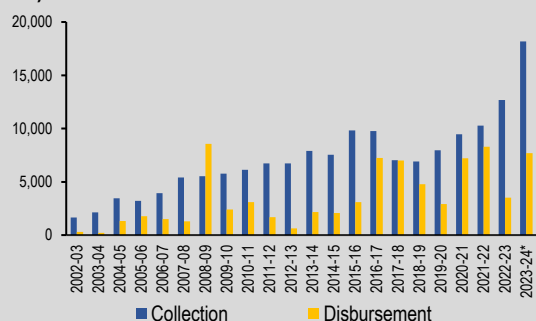
The Network for Defence Services project aims to provide a dedicated pan-India optical fibre cable-based network for use by defence services. This project was to be completed by July 2015 and had an initial sanctioned cost of Rs 13,334 crore.<sup>20</sup> The project cost was subsequently increased to Rs 24,664 crore.<sup>21</sup> The revised deadline for completion was set for May 2020, further revised to December 2020.<sup>12,21</sup> In 2023-24, the revised allocation towards the scheme is Rs 3,752 crore, which is 74% higher than the budgeted estimate (Rs 2,158) crore. The scheme has not received any allocation for 2024-25, implying its possible completion. The Department has submitted to the Standing Committee (2023), stated that the scheme would be completed in 2023-24.<sup>15</sup>

### Unspent balance in Universal Service Obligation Fund

The (USOF) has been established to provide access to communication to people in rural and remote areas.<sup>22</sup> The resources for the fund are raised through a Universal Access Levy (UAL), which is 5% of the Adjusted Gross Revenue earned by all the operators under various licenses.<sup>6</sup>

The Telecommunications Act, 2023, re-named the fund as the Digital Bharat Nidhi.<sup>28</sup> Operationally, the fund remains the same i.e. it is a non-lapsable fund, funded through the UAL. However, funds can now also be utilised for supporting research and development in telecommunications. This is in addition to the funds being utilised for providing telecom services in underserved areas. The fund has been underutilised. Between 2002-03 and 2023-24 (as of January 31, 2024), Rs 1.58 lakh crore has been credited to the fund.<sup>23</sup> Of this, Rs 78,700 crore has been disbursed to fund various schemes and projects (50%). Half of the funds (Rs 79,638 crore) have not been utilised.

**Figure 3: Collection and disbursement from the USOF (Rs crore)**



Note: \*Data as of January 31, 2024

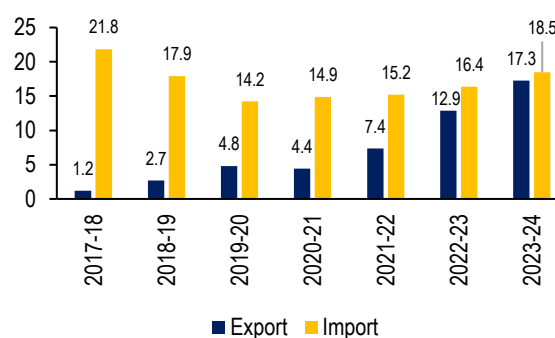
Source: Website of USOF as accessed on August 10, 2024; PRS.

## Issues for Consideration

### Import dependence for telecom instruments

In 2023-24, India's import of telecom instruments was worth USD 18.5 billion.<sup>24</sup> India also exported telecom instruments worth USD 17.3 billion during the same period.<sup>24</sup> Between 2017-18 and 2023-24, exports of telecom instruments have consistently grown, whereas imports have reduced (Figure 4). However, import levels are still high, with telecom instruments consistently in top-10 imported commodities by India. Further, dependence on China for telecom import also remains high. 37% of the telecom instruments by value were imported from China in 2023-24 (Figure 5).<sup>24</sup> In 2023-24, the top three countries (China, Hong Kong, and Ireland) accounted for 65% of imports. There have been concerns about continuing dependence on import for telecommunication and networking equipment. This is for both economic and security reasons.<sup>25</sup> TRAI (2023) observed that India is not able to fully exploit the upsurge in the telecom sector.<sup>25</sup> A huge opportunity for development of domestic manufacturing exists, with the communication sector developing at a fast pace around the world, including in India.<sup>25</sup>

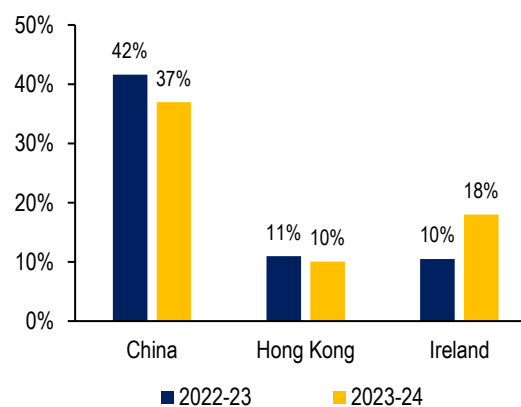
**Figure 4: Export and import of telecom instruments (USD Billion)**



Note: Data at the principal commodity level.

Sources: Trade Monitoring Dashboard, Ministry of Commerce and Industry; PRS.

**Figure 5: Share of top three source countries in total import of telecom instruments**



Sources: Trade Monitoring Dashboard, Ministry of Commerce and Industry; PRS.

The central government has taken a number of steps in recent years for development of domestic manufacturing capacity including: (i) PLI schemes, and other schemes for capex support and interest subvention for manufacturing of telecom equipment, semiconductors, and electronic goods and components, and (ii) venture capital fund and incubation centres for startups in these sectors.<sup>25</sup>

TRAI (2023) observed following factors as key cost disabilities for manufacturing in India: (i) cost of capital is high, with differential of about 3% as compared to developed countries, (ii) cost of essential supplies such as electricity and water to industry is higher than the normal rate in India, and (iii) high costs of compliance, testing, and certification.<sup>25</sup> It cited a private study according to which Vietnam and China are considered 1.7 times and two times more attractive as investment destinations than India, respectively.<sup>25</sup> India suffers a cost disability of 1.8%-3.2%, as compared to Vietnam, and 12%-13.3% as compared to China for manufacturing telecom products locally.<sup>25</sup> These occur in terms of cost of capital, power, labour, logistics, and other infrastructure.<sup>25</sup>



TRAI (2023) suggested various measures to promote telecom and networking manufacturing.<sup>25</sup> These include: (i) expansion of the PLI scheme to include more components, (ii) preferential market access for locally manufactured equipment, (iii) creation of a Network and Telecom Equipment Development Fund for the promotion of local manufacturing, and (v) tax relief for investments in the development of intellectual property in India.<sup>25</sup>

As per the Department of Telecommunications (2020), key reasons for import dependence are: (i) zero duty on import of telecom equipment as per existing tariff obligations under international treaties, (ii) low investment in research and development and creation of intellectual property rights, and (iii) lack of market access for indigenous manufacturers.<sup>26</sup>

In the 2024-25 Budget, the basic customs duty on printed circuit boards for specified telecom equipment was increased from 10% to 15%.<sup>27</sup>

#### New framework for regulation of telecom services

In December 2023, Parliament passed the Telecommunications Bill, 2023.<sup>28</sup> The Bill repealed the Indian Telegraph Act, 1885 and the Indian Wireless Telegraphy Act, 1933. The Bill requires authorisation by the central government to establish and operate telecommunication networks, as well as to provide telecommunication services. Telecommunication has been defined as transmission, emission, or reception of any message by wire, radio, optical, or other electro-magnetic systems. Under the Bill, message means any sign, signal, writing, text, image, sound, video, data stream, intelligence or information sent through telecommunication. The Bill also provides for: (i) statutory backing for auctions and administrative allocation as a method for spectrum assignment, (ii) a framework for the search and interception of messages, and (iii) a right of way framework for telecom infrastructure.

#### Management of licences

Telecom Service Providers (TSPs) are required to obtain an authorisation in the form of licence agreements to provide telecom services.<sup>29</sup> Authorisations may be obtained as standalone licences or under the Unified Licence regime. TRAI (2024) undertook a review of the way licences were granted in India. Suggestions were also invited on revamping of authorisations to align them with the Telecommunications Act, 2023.<sup>29</sup>

TRAI (2024) observed that granting authorisations in the form of licence agreements is contrary to the practice followed in other countries such as the United States and Australia.<sup>29</sup> The global practice is to issue rules and regulations for use of the authorisation instead of including it as a licence agreement.<sup>29</sup> TRAI also observed that there may be a scope to merge similar authorisations (Table 6).

**Table 6: Existing and proposed service authorisations**

Existing Authorisation	Proposed Authorisation
International Long Distance (ILD)	Long Distance
National Long Distance (NLD)	
Global Mobile Personal Communication by Satellite (GMPCS)	Satellite-based Telecommunication Service
Very Small Aperture Terminal (VSAT) Closed User Group (CUG)	
Infrastructure Provider -1 (IP-1)	Infrastructure Provider
Digital Connectivity Infrastructure Provider (DCIP)	

Source: TRAI consultation paper 7/2024, July 11, 2024; PRS.

A single unified licence to provide all services across the country has also been proposed; however, TRAI (2024) observed that TSPs may want to provide certain services in select areas only.<sup>29</sup> This necessitates the issuance of area-based licences.<sup>29</sup>

#### Spectrum and infrastructure sharing

Telecom infrastructure is broadly divided into two categories: active and passive infrastructure. Active infrastructure refers to electronic infrastructure, while passive infrastructure refers to non-electronic infrastructure.<sup>30</sup> Currently, in-building infrastructure (such as cables, ducts, and optical fibre) and Wi-Fi infrastructure can be shared.<sup>30</sup> However, TRAI (2024) observed that some service authorisations under the Unified Licence regime do not specifically permit passive infrastructure sharing, and have ambiguities in provisions related to infrastructure sharing.<sup>30</sup>

Thus, TRAI (2024) recommended that all TSPs must be allowed to share passive infrastructure such as: (i) buildings, towers and ducts, (ii) electric equipment such as batteries and power plants, and (iii) right of way permissions.<sup>30</sup> It also recommended that active infrastructure may be shared. However, core network elements that may actively affect quality of standards, should have restrictions on sharing. TRAI (2024) noted that there must be redundancy if core network elements are to be shared.<sup>30</sup> Benefits of sharing infrastructure include: (i) lower costs, (ii) expanded service areas, (iii) better reliability, and (iv) better speed for wireless and wireline services.<sup>30</sup>

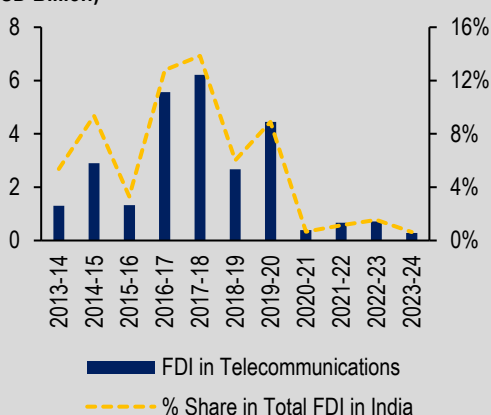
Spectrum can also be shared; however, it can only be shared intra-band.<sup>30</sup> Spectrum is assigned in different bands, with the bands referring to the upper and lower frequency of the spectrum assigned (such as 800 MHz to 850 MHz). 2G and 3G networks were only deployed on specific bands

such as 900 MHz and 1800 MHz. With the advent of 4G, networks were deployed on various bands. Thus, TRAI (2024) recommended that inter-band spectrum sharing may be permitted with certain restrictions.<sup>30</sup> Restrictions include: (i) spectrum may be shared only within the same category (Category 2 spectrum such as 1800 MHz may not be shared with Category 1 spectrum such as 700 MHz), (ii) spectrum may be shared with only one other TSP per band, (iii) shared spectrum to be counted for the purposes of spectrum sharing, (iv) spectrum to only be shared two years after acquisition, and (v) a non-refundable fee of 0.5% of the spectrum value to be paid to the government.<sup>30</sup>

#### Low Foreign Direct Investment in 2023-24

In 2023-24, the telecommunications sector received a FDI inflow of USD 282 million.<sup>31</sup> This is 60% lower than the amount received in 2022-23 (USD 713 million). FDI in telecommunications accounted for 1% of the total FDI received in 2023-24. In 2017-18, FDI in telecom (USD 6.2 billion) accounted for 14% of all FDI (USD 45 billion) (Figure 6). Since October 2021, 100% FDI has been allowed in telecom via the automatic route.<sup>32</sup>

**Figure 6: FDI equity inflow-Telecommunication (USD Billion)**



Sources: Fact sheets on FDI Statistics of various quarters, Department for Promotion of Industry and Internal Trade; PRS.

#### Financial performance of BSNL and MTNL

BSNL and MTNL are the public sector undertakings (PSUs) engaged in providing telecommunication services in the country. BSNL and MTNL have been incurring losses continuously since 2009-10.<sup>33</sup> Between 2020-21 and 2023-24, the government has spent Rs 1.38 lakh crore on MTNL and BSNL. Spending includes: (i) acquisition of spectrum, (ii) a voluntary retirement scheme (VRS) for employees, (iii) sovereign guarantee for bonds, and (iv) viability gap funding. As of March 2022, 92,910 employees opted for the VRS.<sup>34</sup> This led to a reduction in salary expenditure for both companies. Salary expenditure reduced by almost 50% for BSNL and 80% for MTNL.<sup>34</sup> In 2019, the government also proposed merging the two entities; however, this

has not occurred due to: (i) unsustainable debt of MTNL, (ii) AGR dues, and (iii) debt resolution.<sup>15</sup> A Committee of Secretaries has been set up to recommend further course of action.<sup>15</sup>

**Table 7: Financial Performance of BSNL (Rs crore)**

Year	Income	Expenditure	Profit (+)/Loss (-)
2017-18	25,071	33,809	-8,738
2018-19	19,321	34,225	-14,904
2019-20	18,907	34,406	-15,499
2020-21	18,595	26,036	-7,441
2021-22	19,053	26,034	-6,981
2022-23	20,699	27,361	-6,662
2023-24	21,302	26,673	-5,371

Sources: Reports of the Standing Committee on Communication and Information Technology; Annual Reports of BSNL; PRS.

As can be seen in Table 7, BSNL's expenditure has reduced and the losses continue to persist. BSNL has not seen a considerable improvement in revenue. BSNL's revenue in 2023-24 was lower than that in 2017-18. BSNL is expected to turn profitable by 2026-27.<sup>15</sup> As per the budget, while capital infusion is estimated in BSNL in 2024-25 to support roll out of 4G and 5G network.

MTNL's revenue has been consistently reducing since 2017-18. In 2023-24, MTNL's revenue was 58% lower than 2017-18. During the same period, its losses widened by 11%. In June 2024, MTNL defaulted on various bond payments (principal and interest) worth Rs 422 crore.<sup>35</sup> As of August 5, 2024, MTNL had total debt outstanding of Rs 31,945 crore.<sup>35</sup> There has been no capital infusion for MTNL.

**Table 8: Financial Performance of MTNL (Rs crore)**

Year	Income	Expenditure	Profit (+)/Loss (-)
2017-18	3,116	6,090	-2,974
2018-19	2,606	5,997	-3,391
2019-20	2,227	5,923	-3,696
2020-21	1,788	4,251	-2,462
2021-22	1,697	4,299	-2,603
2022-23	1,474	4,385	-2,911
2023-24	1,301	4,604	-3,302

Sources: Reports of the Standing Committee on Communication and Information Technology, Annual Reports of MTNL; PRS

#### Low progress in asset monetisation

BSNL owns many properties in prime areas of various cities worth Rs 67,000 crore.<sup>36</sup> In 2019, the revival plan of BSNL included asset monetisation as a method to fund capital expenditure, service debt, and meet other obligations.<sup>36</sup> Asset monetisation is the process of generating revenue from assets by selling or leasing them. The Department targeted monetisation of Rs 20,200

crore worth of assets between 2019-20 and 2022-23.<sup>36</sup> Between October 2019 and February 2023, only Rs 189 crore worth of assets were monetised by the Department of Telecommunications.<sup>36</sup> High value assets (worth above Rs 100 crore) were to be monetised through the Department of Investment and Public Asset Management (DIPAM). However, between November 2019 and July 2022,

none of the assets could be monetised under this framework.<sup>36</sup> CAG (2023) also observed that BSNL does not have a Land and Estate Management Policy.<sup>36</sup> This was first observed in 2014, and a policy has not been released since.<sup>36</sup> The company also does not have a validated central record of its real estate assets (as of August 2023).<sup>36</sup>

## Annexure

**Table 9: Expenditure towards revival plan for BSNL and MTNL (Rs crore)**

Head	2020-21		2021-22		2022-23		2023-24		2024-25
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Revised	Budget
Capital Infusion in BSNL	14,115	-	14,115	-	44,720	26,386	52,937	64,787	82,916
Payments towards principal of MTNL Bonds	-	-	-	-	-	-	-	865	3,669
Viability Gap Funding	-	-	-	-	-	16,189	1,740	1,200	1,200
Waiver of Guarantee Fee	-	-	-	-	-	42	174	326	556
Financial Support to MTNL	372	383	383	384	384	384	384	384	312
Voluntary Retirement Scheme	3,295	3,028	3,000	3,473	3,300	3,465	2,671	2,978	0.01
Grants to BSNL for payment of GST	2,541	-	2,541	-	3,550	-	2,218	2,218	-
Grants to MTNL for payment of GST	1,133	-	1,133	-	-	-	-	-	-
Ex-gratia payment to voluntarily retiring employees	9,890	11,163	-	-	-	-	-	-	-
Capital Infusion in MTNL	6,295	-	6,295	-	-	-	-	-	-
<b>Total</b>	<b>37,640</b>	<b>14,574</b>	<b>27,467</b>	<b>3,857</b>	<b>51,954</b>	<b>46,465</b>	<b>60,124</b>	<b>72,757</b>	<b>88,653</b>

Sources: Union Budget Documents of various years; PRS.

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