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No.2-30/2000-Restg.
Government of India
Ministry of Communications
Department of Telecommunication Services

New Delhi, the 30th September, 2000.

OFFICE MEMORANDUM

Subject:- Transfer of assets and liabilities of Department of Telecom. Services and Department of Telecom. Operations to Bharat Sanchar Nigam Limited.

In pursuance of New Telecom Policy 1999, the Government of India has decided to corporatise the service provision functions of Department of Telecommunications (DoT). Accordingly, the undersigned is directed to state that the Government of India has decided to transfer the business of providing telecom services in the country currently run and entrusted with the Department of Telecom Services(DTS) and the Department of Telecom Operations(DTO) as was provided earlier by the Department of Telecommunications to the newly formed Company viz., Bharat Sanchar Nigam Limited (the Company) with effect from 1st October 2000. The Company has been incorporated as a company with limited liability by shares under the Companies Act, 1956 with its registered and corporate office in New Delhi.

2. The Department of Telecom. Services and Department of Telecom. Operations concerned with providing telecom services in the country and maintaining the telecom network/telecom factories were separated and carved out of the Department of Telecommunications as a precursor to corporatisation. It is proposed to transfer the business of providing telecom. services and running the telecom factories to the newly set up Company, viz. , Bharat Sanchar Nigam Limited w.e.f. 1st October 2000: The Government has decided to retain the functions of policy formulation, licencing, wireless spectrum management, administrative control of PSUs, standarisation & validation of equipment and R & D etc. These would be responsibility of Department of Telecommunications (DoT) and Telecom Commission.

3. Government of India has decided to transfer all assets and liabilities, (except certain assets which will be retained by Department of Telecommunications required for the units and offices under control of DoT, to be worked out later on), to Bharat Sanchar Nigam Limited with effect from 1st October 2000. The transfer of assets and liabilities to the Company will be subject to the following terms and conditions:-

- (i) The Company will carry out the duties and responsibilities regarding establishing, maintaining and working all types of

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telecommunication services in the country in accordance with and under the terms and conditions of the licence granted by the Central Government under the Indian Telegraph Act, 1885 and such other directions as may be given by the Central Government from time to time.

- (ii) The assets and liabilities of the Department of Telecommunications, Department of Telecom. Services and Department of Telecom Operations (the Government) will stand transferred to the Company, with effect from 1st October 2000. The details of the assets will be worked out as per records available with the various Divisions and other units as on 30th September 2000 after records and accounts are finalised up to this period.
- (iii) The assets and liabilities in respect of the business currently being carried out on account of the Government shall stand transferred to the Company on the book value thereof, which will be ascertained in the manner aforesaid. The book value of the assets comprising the business being transferred to the Company has been provisionally assessed as Rs.63,000 crores. The said sum of Rs.63,000 crores will be treated as the provisional value of the business being transferred to and taken over by the Company subject to finalisation of the transfer value by 31-3-2001 in consultation with Ministry of Finance.
- (iv) The Assets are being transferred to the Company in consideration of Rs.5,000 crore equity (for which the Company will issue Five Hundred crores Equity Shares of face value of Rupees Ten each fully paid up having aggregate value of Rupees Five Thousand crores to the VENDOR or his nominees), Rs.1500 crores ways and means advance and the balance as a mix of long term debt, free reserves and preference share capital. The accounting treatment of this mix shall be notified later.
- (v) The capital structure of Bharat Sanchar Nigam Limited will be finalized by the Ministry of Communications, Department of Telecommunications in consultation with Ministry of Finance and the Comptroller and Auditor General of India, if necessary.
- (vi) The Company, Bharat Sanchar Nigam Limited shall be liable to make repayment of bonds raised by MTNL for DoT/DTS/DTO which are now being transferred to the Company.
- (vii) The Company as the successor company shall be responsible for all assets and liabilities and for satisfactory execution of all agreements,

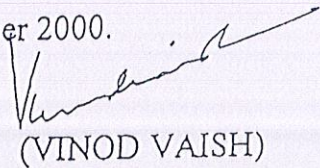
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contracts and obligations in force which pertain the business being transferred to it.

(viii) The Company shall be solely responsible for honouring and performing all contracts/agreements and shall be liable for any defaults, delays or non-performance. The Company shall keep for all times the Government indemnified from all claims.

(ix) After finalization of assets and liabilities and assets to be retained by DoT regular transfer deed(s) will be executed subsequently in respect of transfer of business to the Company listing out specifically all the assets being transferred.

3. These orders will come into effect from 1st October 2000.



(VINOD VAISH)

Secretary to the Government of India

To

1. The Secretary DoT and Chairman Telecom Commission.
2. The Secretary, DTS.
3. The Secretary, DTO and Member(Prodn.) Telecom Commission.
4. Member(Finance) Telecom Commission.
5. Member(Services) Telecom Commission.
6. Member(Technology), Telecom Commission.
7. Additional Secretary(T) and Secretary Telecom Commission
8. Joint Secretary(T), DoT.
9. Joint Secretary(A), DoT.
10. OSD Corporatisation (DoT) with request to bring it to the notice of the Board of Directors of Bharat Sanchar Nigam Limited.
11. All Chief General Managers of Telecom Circles, Metro Districts, Project Circles, Maintenance Regions, Telecom Stores, Railway Electrification Projects with request to communicate these orders to all units working under their administrative control.
12. All Principal Chief Engineers / Chief Engineers – Civil and Electrical Wings, with request to communicate these orders to all units working under their administrative control.
13. Chief Architects – Chennai, Calcutta and Mumbai, with request to communicate these orders to all units working under their administrative control.
14. All Chief General Managers – Telecom Factories, with request to communicate these orders to all units working under their administrative control.