Bharat Sanchar Nigam Ltd.
Taxation Section
11th floor, statesman House
B-148, Barakamba Road,
New Delhi-110001

L.No.1001-06/2005/Taxation/BSNL/SAL-IT/ACC.PERQ/424   dated 14-3-2007

To
All Heads of Telecom Circles/Metro Districts/Maintenance Regions/Project
Circles/Task Force/Data Network /NCES/ALTTC/BRBRAITT/NATFM/Q&A
/T&D/Telecom Stores/Telecom Factories/CPAO(ITI Bills)/TCO Kolkata/IT Circle
Pune/ADG (R&P) Corporate Office

Sub: Valuation of perquisite of accommodation in respect of BSNL Employees.

     I have been directed to communicate the decision of the BSNL Board taken
in its meeting held on 21-2-2007, that there is no 'Concession ' in the matter of
accommodation provided by the company (BSNL) to its employees, whether on
licence fee recovery or rent free basis in the buildings owned by BSNL/DoT/ Govt.

     In arriving at the above decision the Board has noted that the
accommodation so provided to the employees belongs to the Company, license fee
being recovered from the employees is based on the basis of the cost incurred by
the Company/Govt. in acquiring such assets and is in accordance with the principle
laid down by the Government in this regard. The accommodation being provided to
the employees is purely to further the commercial interest of the Company. The
Board has also noted that the employees who are being provided accommodation
are not being paid HRA in addition to recovery of license fee. And as regards the
employees provided with rent free accommodation, they are being provided such
accommodation purely on the basis of necessity of their 24 hours presence
required in the Company's premises and as such there is no concession.

     This is for your information and necessary action in dealing with the Income
Tax issues relating to the valuation of perquisite of accommodation of BSNL
employees provided with staff quarters.

(Arundati Panda)
DDG (Taxation)

Copy to:

(1) IFAs of all the units mentioned above.

(2) All Sr.DDGs/DDGs of Finance wing of Corporate Office.

(3) OSD to CMD/Director (F)/Director (Operations)/Director (Plg.& NS)
    /Director(HRD)/Director (C&M)