

Private cos reject BSNL offer for 3G alliances

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NEW DELHI/KOLKATA: Private mobile phone operators in India have rejected stateowned Bharat Sanchar Nigam Limited's offer to share its third generation network with them terming it "too expensive"

BSNL had invited bids from mobile operators for roaming alliances to offer the high-end services, which include video calling and high-speed internet on phones. The telco has 3G airwaves in all circles except Delhi and Mumbai. The company was following the example of state-owned sister firm Mahanagar Telephone Nigam Limited (MTNL) that has succeeded in attracting private operators for 3G roaming pacts. MTNL, which has licences to run 3G services in Delhi and Mumbai, is expected to receive bid amounts much higher than its base price. BSNL had fixed 2.92% of the money it had paid to acquire 3G airwaves in a circle as the base price for the bids. Under the scheme proposed by BSNL, a mobile operator will have to pay the base price every year for the next 17 years, the period till which BSNL 3G spectrum will remain valid.

But three of the service providers ET spoke to said the BSNL offer was not only "too expensive" , but was also "unattractive " as it covered only inter-circle roaming. This means if, for instance , Bharti Airtel enters into a roaming pact with BSNL for Karnataka and Orissa (where it has no 3G spectrum), then the pact will allow Airtel customers to enjoy 3G services when visiting any of these two states. But it will not allow Airtel to offer 3G services to customers in these states using BSNL's frequencies. Also for using BSNL services in Karnataka, Airtel would have to shell out 2.92% of Rs1,591.71 crore that BSNL paid for the 3G services in the state. This comes out to Rs 45.5 crore for one year and Rs780 crore for 17 years. The state-run telco had paid a total of Rs10,186.6 crore for 3G airwaves after the auctions concluded last year. This sort of deal would have allowed BSNL to recover more than 50% of its 3G spectrum costs over 17 years. But having failed to elicit any response from private mobile phone companies, ET has learnt that BSNL may change the bid conditions to allow both inter and intra-circle roaming.

MTNL has been more successful with this business model as two telcos— Tata Teleservices and Aircel— have bid to share its 3G airwaves in Delhi. Under the MTNL model, the two private operators would be allowed to launch high-end services in Delhi on MTNL's 3G network.