

BSNL denies advantage in 3G field

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NEW DELHI: Bharat Sanchar Nigam Ltd (BSNL) has denied any first mover advantage in the 3G arena, despite the award of 3G spectrum ahead of private sector players. Last week, telecom minister, A Raja, while announcing the 3G guidelines, had said BSNL/MTNL would be given 3G spectrum with immediate effect and would pay the eventual highest bid price only after the 3G auctions.

"Our system of processing orders is agonizingly long and cumbersome. This will nullify any head start on spectrum, which means we will not be able to launch services ahead of private operators", a senior BSNL official told TOI.

BSNL's statements seem to point at a potential 3G launch not before 2009-10 or closer to the end of the UPA government's tenure despite the head start in terms of spectrum allocation.

This apart, how BSNL/MTNL will embark on **business case** planning with no clue about the total project cost which depends on the final spectrum bid amount, remains a mystery. It is quite possible that in the case of 3G, the cost of acquiring spectrum could be as high as half of the total project cost, depending on the total number of blocks available.

However, BSNL has already placed an order for 3G and 2G equipment for 10 to 14 million lines with Ericsson. BSNL sources further confirm that an advance purchase order for 18 million lines has also been placed on ITI, which will be serviced by Alcatel Lucent in the west and Huawei in the south.

Earlier, BSNL chairman, Kuldeep Goyal had said BSNL plans to invest upto \$3 billion per year over the next 3 years on overall capex. With the imminent allocation of 3G spectrum, it appears the company would want to expedite its equipment orders hoping to at least match if not beat the private sector to a 3G services launch.

While BSNL believes that it owes this priority allocation of 3G spectrum to TRAI's recommendations, this was denied by TRAI chairman, N Misra. "We did not even discuss the subject in our recommendations. We never made any distinction between public sector companies and the private sector," he clarified. Finally, whether DoT will be in a position to allocate this promised spectrum and whether this will translate into a competitive advantage for BSNL, remains to be seen