

BSNL, MTNL worried as 3G bid price zooms

(Yahoo)

New Delhi, April 20 -- State-controlled Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) are worried as the bid price for the pan-India 3G spectrum reached Rs 6,067 crore at the end of the 8th day of bidding on Monday. This is 73.3 per cent higher than the reserve price of Rs 3,500 crore.

BSNL and MTNL were awarded spectrum a year back on the condition that they would match the price at which the winners of the auction are allotted the spectrum.

On Monday, auction price for Delhi closed at Rs 691.20 crore and for Mumbai Rs 635.38 crore. The government had fixed a reserve price of Rs 320 crore each for the two circles.

Bidding for the two circles is expected to go up much higher as there is a great demand for three slots of 3G spectrum available in each circle. "We will ask the government to give some consideration to MTNL," said Kuldeep Singh, CMD of MTNL.

"We never expected bids for 3G spectrum in the two metros to go so high. It is really bad for MTNL. There is no demand for spectrum in seven to eight circles. If a pan-India operator pays high price for spectrum in Delhi and Mumbai, he gets other circles at low price," said R.S.P. Sinha, former CMD of MTNL.