

DoT, defence scrap over 3G spectrum

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Both lay claim to 10 MHz on which BSNL, MTNL operate

The inter-ministerial battle over spectrum for 3G telecom services has intensified, with the department of telecommunications (DoT) rejecting a claim by the ministry of defence (MoD) that it has not accounted for 10 MHz of spectrum given to DoT at the end of October in the information memorandum (IM). This document provides potential private bidders with details on the auction process slated for January 14, 2010.

DoT has claimed that the spectrum, the radio frequency that enables mobile communications, belongs to it and has already been given to state-owned Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) which are running their 3G services on it.

The argument is likely to add to the confusion over the auction of 3G licences. DoT and MoD had signed an agreement under which the defence services would vacate 20 MHz of 3G spectrum by November or December this year. Later, MoD expressed its inability to do so, saying it needed more time to test an alternate network BSNL was building for it.

As a result, last month, DoT suggested the auction could be postponed to June next year. The process was re-started after Finance Minister Pranab Mukherjee wrote to Communications Minister A Raja, saying the auctions should be held on schedule. Raja, in turn, replied that Mukherjee, who heads a government committee on 3G, needed to sort the spectrum issue so that the exact amount could be incorporated in the tender notice to be issued in December 8.

Now, the issue appears to have become more complex. "DoT and defence ministry have both been claiming some spectrum as their own...we have already accounted for that spectrum because it is being used by BSNL and MTNL and cannot therefore be added in the IM," a senior DoT official told Business Standard on condition of anonymity.

MoD in its communication to DoT claimed that 10 Mhz of 3G spectrum in the 1969-1979 MHZ band had already been released. It has also noted that in the revised IM service the amount of spectrum for auction has been indicated but the specific frequency bands have not been mentioned, unlike the earlier IM document released in December 2008.

Resolving the matter has become urgent because the government is expecting at least Rs 30,000 crore worth of revenues from the 3G licence auction for the current fiscal year to partly help bridge a fiscal deficit that is expected to be 6.8 per cent of GDP. There is also an acute shortage of spectrum. In the information memorandum, DoT has said in Delhi and Gujarat circles, there are only two 3G slots available for auction, and none in the Rajasthan and North East circles. There are three slots available in Himachal Pradesh and Uttar Pradesh (W), while only one slot was available in West Bengal.