

BSNL Gets DoT Approval for Giving Up Broadband Spectrum

FREE UP WAVES After BSNL returns airwaves, the govt may go in for a fresh round of auctions to sell this spectrum

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The telecom department has accepted BSNL's offer to surrender its broadband wireless airwaves in most regions of the country, a senior official said on Wednesday. After BSNL returns the airwaves, the government may go in for a fresh round of auctions to sell this spectrum, the official added.

"BSNL has given a proposal to surrender BWA spectrum in some parts of the country. That proposal was considered and in-principle, it is considered acceptable, provided the details are worked out," telecom secretary R Chandrasekhar said on Wednesday.

ET had first reported in September that loss-making BSNL had offered to surrender its broadband wireless airwaves to the government after its plan to rollout WiMAX-based airwaves, through a franchisee model, flopped. The telco, whose losses have tripled to about ₹6,500 crore for 2010-11, had paid ₹8,313.8 crore for broadband access frequencies last year. The move to return this bandwidth is seen as a strategic shift towards focus-

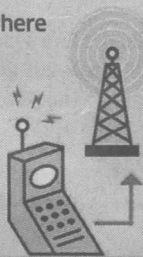
Wave of Bad Fortune

BSNL is yet to finalise the number of circles where it wanted to exit the BWA business

The govt is working out details to refund BSNL the fees it paid for the airwaves

A govt refund would help PSU which is facing hard time to meet its fund requirements

BSNL has recorded a whopping loss of ₹6,384 crore for the year-ended March 2011



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R CHANDRASEKHAR, Telecom Secretary

ing on its 3G offerings.

Chandrasekhar said that BSNL was yet to finalise the number of circles where it wanted to exit the BWA business. "The number of circles has not been frozen. It depends on various factors such as the price of spectrum in a circle and whether equipment has been installed in a circle."

"In many of the circles, the BWA spectrum they got, and the price at which they got, does not make it viable case for them because unlike other operators,

BSNL was given spectrum without the price being fixed," Chandrasekhar said.

He also added that the government was working out details to refund BSNL the fees it paid for the airwaves.

A refund is critical as BSNL is facing an uphill task of meeting its fund requirement towards capital expenditure this fiscal. Its cash and bank balance have

reached a critical level of ₹2,500 crore. Off this, BSNL has a bank deposit of only ₹840 crore while the rest is in current account, and being used for running its businesses. A year ago, BSNL had cash reserves to the tune of ₹30,343.40 crore.

The telco had paid ₹8,313.8 crore for broadband access frequencies last year

The PSU has recorded a whopping loss of ₹6,384 crore for the year-ended March 2011, showing a series of dismal results in the last four years that saw the erstwhile monopoly being reduced to a bit player in the fast-growing market.

According to Chandrasekhar, the government may auction the bandwidth returned by BSNL.

"It (spectrum) will be looked as part of the block in addition to the 15 circles where BWA spectrum is available. That (pan-India auction) is certainly something we would be looking at as part of the package as to whether it would lead to an all India availability," he said.

Earlier this year, the finance ministry had shot off a missive to the telecom department asking it to expedite the sale of broadband wireless airwaves to ensure there were no slip-ups in meeting the fiscal deficit target. It had also asked the DoT for a status report on the potential spectrum sale.

The finance ministry is of the view that a single slot of pan-India 3G airwaves will fetch about ₹13,000 crore, in line with its budgeted estimates.

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