

# THE HINDU Business Line

## 3G auction ends, Govt to net Rs 67,718 cr

Govt to get much-needed 'elbow room' selling all available slots across 22 circles; no pan-India operator.

Winners list		(in Rs cr)
Operator	Circles	Pay out
Bharti	13 circles - Delhi, Mumbai, AP, Karnataka, TN, UP (West), Rajasthan, W.Bengal, HP, Bihar, NE, J&K, Assam	12,295.46
Vodafone	9 circles - Delhi, Mumbai, Maharashtra, Gujarat, TN, Kolkata, Haryana, UP (East), W.Bengal	11,617.86
Reliance	13 circles - Delhi, Mumbai, Kolkata, Punjab, Rajasthan, MP, W.Bengal, HP, Bihar, Orissa, Assam, NE, J&K	8,585.04
Idea Cellular	11 circles - Maharashtra, Gujarat, UP (West), MP, HP, AP, Kerala, Punjab, Haryana, UP (East), J&K	5,768.59
Tata Tele	9 circles - Maharashtra, Gujarat, UP (West), Rajasthan, MP, Karnataka, Kerala, Punjab, Haryana	5,864.29
Airtel	13 circles - W.Bengal, Bihar, Orissa, Assam, AP, Karnataka, TN, Kolkata, Kerala, Punjab, UP (East), NE, J&K	6,499.46
Stel	3 circles - HP, Orissa, Bihar	337.67

New Delhi, May 19

Auction for third generation (3G) spectrum ended today and the Government will receive a windfall of Rs 67,718 crore.

The auction, which began on April 9, closed on Wednesday after 183 rounds of intense bidding over 34 days.

All the available slots across 22 circles have been sold to seven different operators. However, there is no single bidder who has won pan-India spectrum.

Bharti Airtel emerged winner in 13 circles for which it has to pay Rs 12,295 crore.

Reliance Communication also won in 13 circles but it has to pay Rs 8,585 crore as it did not win in category A circles such as Andhra Pradesh and Gujarat. MTNL and BSNL have to pay Rs 6,564 crore and Rs 10,186 crore respectively.

Etisalat DB and Videocon had participated in the auction but did not win any spectrum.

The Finance Minister, Mr Pranab Mukherjee, said that the revenue from 3G spectrum auctions was above expectation and will give much needed elbow room.

While this is good news to the Government, the operators said that the price was on the higher side. "We would like to point out that the auction format and severe spectrum shortage along with ensuing policy

uncertainty, drove the prices beyond reasonable levels. As a result, we could not achieve our objective of pan India 3G footprint in this round,” said a Bharti statement.

Mr Prashant Singhal, head of Ernst & Young's telecom practice, said: “This amount will help the Government bridge the high fiscal deficit to some extent. However, this is way beyond what most telecom operators had expected to pay.

“A quick comparison with international benchmarks on \$/MHz/Population shows that metros are at \$5.5, the same levels reached during auctions in the UK and Germany that had led to severe financial crisis among the winning operators. On an all India basis, this number is close to \$0.6 that compares with Asia (Ex Japan) and US 3G auction benchmarks of \$0.6/MHz/ population.”

The high price of spectrum is, however, not expected to result in expensive 3G services.

“Benchmark for 3G service has been set by BSNL and MTNL. In the data segment, there are products like Tata Photon plus, so new operators will have to price their services accordingly to remain competitive. Most of the bidders have mapped their geographical footprint according to their existing strengths primarily aimed at retaining their high-end customers,” said Mr Kunal Bajaj, Director, BDA Connect.

Consumers can expect to get 3G services by the end of the year given that the spectrum will be released to the winning operators by September. The Government will next start the auction for selling two slots of broadband spectrum on Saturday.