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Sistema Might Participate in Indian CDMA Auction

By The Moscow Times

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India has approved a 50 percent cut in the auction reserve price for airwaves used by phone carriers on the CDMA platform, a move that may encourage the local unit of Russia's Sistema to participate in the sale to continue working in the country.

India sold airwaves in November after a court order to revoke several cellular carriers' permits and redistribute airwaves through open bidding. That auction brought no bidders for CDMA airwaves, while only some spectrum for the more popular GSM services was sold.

For that auction, the government set a reserve price of CDMA airwaves at 36.4 billion rupees ($660 million) per megahertz for all of India's 22 telecommunication zones, or 30 percent higher than that of GSM airwaves. CDMA operators need a minimum of 2.5 megahertz of spectrum to provide services.

Sistema Shyam TeleServices, set to lose its permits in all but one of India's 22

telecommunication zones, was among the carriers that did not participate in the November auction, saying the price was too high.

The government wants to use revenue from phone bandwidth auctions and stake sales in state-run companies to check its yawning fiscal deficit. It raised less than a quarter of its 400 billion rupee ($7 billion) target in the November auction.

India will sell GSM airwaves worth 200 billion rupees in the next auction, due to start on March 11, while CDMA airwaves will be auctioned after that.

Companies whose permits have been ordered to be revoked by the Supreme Court have until Feb. 4 to shut down operations.

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