

# **Auction of Spectrum in 1800MHz and 800MHz Bands**

## **Information Memorandum**

Government of India  
Ministry of Communications and Information Technology  
Department of Telecommunications

27<sup>th</sup> August, 2012

## Important Notice

This Information Memorandum (the “Memorandum”) has been prepared on behalf of the President of India by the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India in connection with the proposed allocation of spectrum in 1800MHz and 800MHz bands by auction. Terms and expressions used in this Important Notice are as defined in Section 11.8 of the Memorandum.

The Memorandum is for information purposes only and has no binding force. It is made available on the express understanding that it will only be used by the Recipients of the Memorandum (“Recipients”) for the sole purpose of assisting these Recipients in deciding whether they wish to proceed with a further investigation of possible participation in the Auction(s). The Memorandum is not intended to form any part of the basis of any investment decision or other evaluation or any decision to participate in the Auctions and should not be considered as a recommendation by the Government or its advisers to any Recipient of the Memorandum to participate in the Auctions.

Each Recipient must make its own independent assessment of the potential value of an allocation of the spectrum after making such investigation as it may deem necessary in order to determine whether to participate in the Auction(s). All information contained in this Memorandum is subject to updating, modification and amendment. The amendments, if any, will be put up on the Auctions website. These amendments will be part of the Memorandum.

While the information contained in the Memorandum has been prepared in good faith, no representation or warranty, expressed or implied, is or will be made as to the reliability, accuracy or the completeness of any of the information contained herein.

Neither the Government nor its advisers (including their respective directors, partners, officers or employees) accept or will accept any responsibility or liability as to, or in relation to, the accuracy or completeness of the information contained in the Memorandum or any other written or oral information made available to any interested party or its advisers and any liability in respect of any such information or any inaccuracy in the Memorandum, or omission from the Memorandum, is expressly disclaimed. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given as to the achievement or reasonableness of any future projections, estimates, prospects or returns contained in the Memorandum.

The Memorandum does not constitute an offer or invitation to participate in the Auctions, nor does it constitute the basis of any contract which may be concluded in relation to the Auctions or in respect of any allocation of spectrum. Recipients are not to construe the content of the Memorandum, or any other communication by or on behalf of the Government or any of its advisers, as financial, legal, tax or other advice. Accordingly, each Recipient should consult its own professional advisers as to financial, legal, tax and other matters concerning any potential participation in the Auction(s) or any allocation of the spectrum.

This Memorandum has not been filed, registered or approved in any jurisdiction. Recipients of this Memorandum resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.

This Memorandum outlines the Government’s expectations in relation to the proposed Auctions. The Government reserves the right, in its absolute discretion, at any stage, to withdraw its proposal to conduct the Auctions or any part thereof or to terminate further participation in the proposed Auctions by any entity, to change the structure and timing of the proposed Auctions, to refuse entry to any entity into the Auctions or to vary any other terms of spectrum allocation at any time without giving any reason whatsoever.

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## **1 Introduction**

### **1.1 Summary**

#### **1.1.1 Introduction**

This Information Memorandum (the “Memorandum”) provides information to parties wishing to bid for spectrum in 1800MHz and 800MHz bands in India,

In particular, the Memorandum;

- Summarises the steps which Recipients need to take in order to pre-qualify and take part in the forthcoming auction for radio spectrum in 1800MHz (the “1800MHz Auction”) and 800MHz bands (the “800MHz Auction”) (together, the “Auctions”);
- Summarises the rules and timetable applicable to the Auctions; and
- Provides background information on the Indian telecommunications market and the regulatory environment.

Recipients of the Memorandum (“Recipients”) intending to apply to pre-qualify for either of the Auctions should note that the information contained in the Memorandum does not purport to be complete. The intention of the Memorandum is to bring to Recipients’ attention a number of key issues. Recipients will need to undertake their own detailed investigations of the issues raised in the Memorandum and any other relevant issues.

The DoT will separately issue a Notice Inviting Applications (the “Notice”) for participation in the Auction(s). In the event of any difference between the procedures set out in the Memorandum and the provisions of the Notice (or any other applicable laws, regulations or other statutory provisions), the latter are definitive and will take precedence.

#### **1.1.2 Objectives of the Auctions**

The Government has set itself the following objectives for the Auctions:

- Obtain a market determined price of Spectrum in 1800MHz & 800MHz Bands through a transparent process;
- Ensure efficient use of spectrum and avoid hoarding;
- Stimulate competition in the sector;
- Promote rollout of the respective services;
- Maximise revenue proceeds from the Auctions within the set parameters.

The Government reserves the right to cancel or postpone the Auctions, in part or in full, without assigning any reasons, in order to safeguard the above objectives. The Government has the sole discretion to determine the relative priority of the objectives and whether the objectives are adequately safeguarded by the Auctions.



### 1.1.3 Eligibility Conditions

Recipients considering submitting applications to pre-qualify for the Auctions should note the following key points regarding eligibility:

- Holder of CMTS/ UAS licenses will be treated as ‘Existing Player’;
- Companies (Not an existing licensee) eligible for grant of Unified License (UL) OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, will be treated as ‘New Entrants’ and will have to obtain a Unified License; and
- The companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will be treated as New Entrant.

A Unified Licence (UL) can only be awarded to an Indian Company<sup>1</sup> as per extant guidelines. A Unified Licence (UL) can be awarded to an Indian Company only, with a maximum foreign equity of 74% as per extant guidelines. Hence, foreign entities desirous to participate in the auction(s) will need to form an Indian company accordingly to obtain a Unified Licence (UL). It is clarified that services can only be offered as per terms of the licence obtained by the operator. Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the licence obtained by the operator.

#### 1.1.3.1 Associated Licenses

In addition, the following participation restrictions would apply in the case of Associated Licensees. For the purpose of the Auction, Associated Licensees are defined as existing UAS/ CMTS licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company (the “Common Parent”). In the case of licensees that are listed on recognised<sup>2</sup> stock exchanges, a company of the Promoter group<sup>3</sup> could also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of any of the Auctions, Associated Licensees corresponding to a single Common Parent shall be required to nominate a single entity (either one of the Associated Licensees or the Common Parent) which shall be authorised to bid on their behalf (“Group Bidding Entity”)

In case a Group Bidding Entity is declared the Successful Bidder in any service area and there is an Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to that Associated Licensee. In such a case, the Group Bidding Entity and the Associated Licensee shall both be jointly and severally liable for the performance of the bid obligations.

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1 A Company registered in India under the Companies Act, 1956.

2 “Recognised stock exchanges” refers to stock exchanges recognised by the Securities and Exchange Board of India (SEBI).

3 Definition of “Promoter group” would be the applicable SEBI definition as contained in the most recent Securities and Exchange Board of India - Disclosure and Investor Protection Guidelines, 2000 issued by SEBI and updated from time to time.

In case a Group Bidding Entity is declared the Successful Bidder in any service area in either of the Auctions, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity that acquires a Unified Licence (UL) in that service area (“Nominee Unified Licensee”). In case the Nominee Unified Licensee is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee Unified Licensee shall both be jointly and severally liable for the performance of the bid obligations. More than one Associated Licensees having the same Common Parent shall not be allowed to enter any of the Auctions, even if they intend to bid for different non overlapping service areas.

### 1.1.3.2 Facilitation of Funding for Financing of Telecom Project

The existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include ‘Spectrum’, in order to achieve the objective of funding of telecom projects of the licensee by the Financial Institutions (FIs) / Banks.

### 1.1.4 Policy Background

The Government of India has the exclusive authority to award licences and to prescribe rules for conduct in respect of telegraphy including wireless telegraphy under the Indian Telegraph Act 1885 and the Indian Wireless Telegraph Act 1933.

The DoT is the arm of the Government responsible for the discharge of the Government’s functions in respect of telecommunications.

### 1.1.5 Spectrum to be auctioned

Right to use spectrum at specified frequencies in 1800MHz and 800MHz bands (subject to fulfilment of eligibility conditions) for a specified period are being offered.

#### 1.1.5.1 Auction in 1800MHz Band

The Government has decided the following in respect of the quantum of spectrum and Number of blocks and size of the blocks to be auctioned for 1800MHz band:

- Block Size shall be 1.25MHz (Paired)
- A minimum of 8 blocks each of 1.25MHz (10MHz) will be put to auction in all service areas. In addition, a provision will be made for spectrum up to 3 blocks each of 1.25MHz (3.75 MHz), wherever available, after reserving spectrum for re-farming against allocation in 900 MHz band for the licences expiring during 2014 to 2016 and also taking care of guard band requirements, for topping up the 8 blocks of spectrum put to auction i.e. up to a total of 11 blocks each of 1.25MHz to meet the requirement of new entrants, if such an exigency arises, and to ensure that the entire quantum of spectrum of 10MHz in each service area is allocated in the auction.
- The existing operators will be allowed to take maximum two blocks of 1.25MHz each in each service area.

- New entrants will be required to bid for minimum of 4 blocks each of 1.25MHz in each service area.
- New entrants will also be allowed to bid for one additional block of 1.25MHz in each service area.

### **1.1.5.2 Auction in 800MHz Band**

The Government has decided the following in respect of the quantum of spectrum and number of blocks and size of the blocks to be auctioned for 800MHz band.

- Block Size shall be 1.25MHz (Paired).
- A minimum of 3 blocks each of 1.25MHz (3.75MHz), will be put to auction in all service areas. In addition, a provision will be made for spectrum of one block of 1.25MHz, wherever available, for topping up the 3 blocks of spectrum put to auction, to meet the requirement of new entrants, if such an exigency arises, and to ensure that the entire quantum of spectrum of 3.75MHz in each service area is allocated in the auction.
- The existing operators will be allowed to bid for 1 block of 1.25MHz in each service area.
- New entrants will be required to bid for minimum of 2 blocks each of 1.25MHz in each service area.
- New entrants will also be allowed to bid for one additional block of 1.25MHz in each service area.

It may be noted that the Government is validating the frequency available across service areas for the auction of spectrum in 1800MHz and 800MHz band. Final details of the frequencies to be auctioned will be notified in the Notice. Any change in spectrum to be auctioned will be notified in the Notice.

### **1.1.6 Technology**

There are no restrictions on the technology to be adopted for providing services within the scope of the service license.

The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/Industry.

### **1.1.7 Pre-Qualification Process for 1800MHz and 800MHz auctions**

In order to pre-qualify for the Auctions, prospective Bidders must submit an application (the "Application") before the last date for submission of applications, as per the following requirements.

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- A completed Application Form and all supporting information including the necessary undertakings;
- A non-refundable application fee of Rs. 100,000/- (Rupees One Lakh only) payable to Pay and Accounts Officer (HQ), DoT, New Delhi, through a demand draft drawn on a Scheduled Commercial Bank payable at Delhi;
- Earnest Money Deposit (EMD Bank Guarantee). Table 1-A shows the service area-wise EMD requirement;

<b>Table 1-A: Service Area-wise EMD requirement</b>				
<b>Sl. No.</b>	<b>Service Area</b>	<b>Areas Covered</b>	<b>1800MHz Deposit per Block of 1.25MHz (Rs. Crore)</b>	<b>800MHz Deposit per Block of 1.25MHz (Rs. Crore)</b>
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	8.50	11.00
2.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	35.25	46.00
3.	Assam	Entire area falling within the State of Assam.	2.75	3.75
4.	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No. 30 of 2000) dated 25 <sup>th</sup> August, 2000.	8.50	11.00
5.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	35.25	46.00
6.	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	8.50	11.00
7.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	2.75	3.75

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8.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	2.75	3.75
9.	Karnataka	Entire area falling within the State of Karnataka.	35.25	46.00
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	12.00	15.50
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Re-organization Act, 2000 (No. 28 of 2000) dated 25 <sup>th</sup> August, 2000.	12.00	15.50
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	35.25	46.00
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	2.75	3.75
14.	Orissa	Entire area falling within the State of Orissa.	8.50	11.00
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.	12.00	15.50
16.	Rajasthan	Entire area falling within the State of Rajasthan.	12.00	15.50
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.	35.25	46.00
18.	Uttar Pradesh	Entire area covered by Western Uttar Pradesh with the following as	12.00	15.50

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	(West)	its boundary districts towards Eastern Uttar Pradesh: Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.		
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	12.00	15.50
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.	68.50	89.00
21.	Kolkata	Local Areas served by Calcutta Telephones.	12.00	15.50
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.	68.50	89.00

Given that flexibility has been provided in the Auction Rules for bidders to be able to bid across service areas, Applicants should deposit earnest money based on the number of service areas that they would like to participate in each of the auctions.

- Nomination of the Authorised Person(s) for future correspondence with the Bidder, along with a Power of Attorney empowering her/ him to take all decisions connected with the relevant Auctions on the Bidder's behalf.
- In case of Associated Licensees, the following are additionally required to be submitted along with the Application:
  - A completed Nomination Form nominating the Group Bidding Entity.  
Separate Nomination Forms need to be completed by each of the Associated Licensees corresponding to the Group Bidding Entity that intends to participate in the Auction;
  - Details of ownership structures of the Associated Licensees establishing the qualification of the Group Bidding Entity to bid on behalf of the Associated Licensees;

- For service areas where neither the Group Bidding Entity nor any of its Associated Licensees are existing UAS/ CMTS licensees, an undertaking confirming that, if the Applicant is successful in winning spectrum in any such service area, it shall acquire a UAS / Unified licence in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a UAS / Unified licence including, but not limited to, the criteria required for Foreign Investment Promotion Board (“FIPB”) approvals and security clearances.
- Prospective Bidders that are not existing UAS / CMTS licensees are additionally required to submit:

An undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS / Unified licence, through an Indian Company registered under the Companies Act 1956, in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a Unified licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

The Government reserves the right not to pre-qualify any Applicant without giving any reason whatsoever.

If at any later date, it is found that averments/ facts submitted by the Applicant in the Application based on which it has been considered eligible for any of the Auctions is incorrect or false, the Government reserves the right to disqualify the Bidder as well as take other penal action against such Bidder, including but not limited to, forfeiting its EMD as well as withdrawing any frequency allocation that may have been made to such a Bidder in the Auction.

Withdrawal of Applications shall be allowed by means of a written request up to seven calendar days before the scheduled start of the Auctions.

After the last date of submission of Applications, the Government shall publish the ownership details submitted by the Applicants, who have not otherwise been disqualified before then, on the Auctions website. Not only would the announcement of the Applicants’ identities provide important information for other Applicants to submit the Ownership Compliance Certificate, it would also help prevent market speculation. After this, an Applicant, who has not otherwise been disqualified before then, will be required to submit an undertaking confirming that it complies with the ownership restrictions in light of the ownership details of the other Applicants (the “Ownership Compliance Certificate”).

Separate Applications are required for the 1800MHz Auction and the 800MHz Auction, in the prescribed formats, respectively.

Applicants should inform the Government promptly in case of any change in the information submitted by them as part of their Application. The Government reserves the right to disqualify any pre-qualified Bidder at any stage of the Auctions or after the Auctions are completed on grounds of non-compliance with eligibility conditions, misrepresentation, non-compliance with Auction Rules, non-compliance with any other pre-condition

prescribed for participating in the Auctions or being awarded the spectrum or any matter that may, in the opinion of the Government, be contrary to general public interest.

For less serious breaches, the Government may forfeit the Earnest Money Deposit or a part thereof. Seriousness of the breach shall be determined by the Government at its sole discretion.

### **1.1.8 The Auctions**

The award of Spectrum in 1800MHz and 800MHz bands respectively shall be conducted as separate and distinct processes. Each of these Auctions is an independent process and is not linked to any of the other Auctions in any way. A common Information Memorandum has been issued only for the sake of convenience.

Each of the e-auctions shall be a Simultaneous Multiple Rounds Ascending (SMRA) e-auction, conducted over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) for participation in the Auctions using web browsing software (IE 9.x or Mozilla 13.x). The EAS is a designated computer resource for the receiving of electronic records under the provisions of Section 13(2) of the Information Technology Act 2000.

Prior to the relevant e-auction, the bidders will have to procure a Class-III Digital Signature Certificate (DSC) for signing & encryption issued by any valid Certifying Authority (approved by Controller of Certifying Authorities) in India which is mandatory for accessing the Electronic Auction System (EAS). The details of the licensed Certifying Authorities (CA) are available on [www.cca.gov.in](http://www.cca.gov.in) wherein the details have been mentioned. It would be the respective bidder’s responsibility to acquire such DSCs in the name of their authorized signatories for participation in the e-auction. The bidders also need to ensure that they acquire the DSCs before the mock auction which will be conducted as per the timelines set by the Government.

Bidders would also be provided with a detailed manual (EAS manual) explaining on how to use the Electronic Auction System. The system requirements for Bidders are outlined in Section 11.6, though the EAS Manual should be taken as definitive in this regard.

Winning Bidders of the Spectrum Blocks in each Service Area in each of the e-auctions shall be determined in the first stage, a Clock Stage, which will allocate spectrum blocks simultaneously for the service area(s).

The second stage, a Frequency Identification Stage, will identify specific frequencies for the Winning Bidders.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for the Service Areas in which they are allocated the specified number of Block(s). All Winning Bidders in a Service Area in any Auction will have equal Winning Prices as a consequence of the Auction Rules.

For the avoidance of doubt, the award of spectrum in any Service Area is not dependent on the award of spectrum in any other Service Area and Bidders shall not be allowed to put in



any form of contingent bid linking a Bid for spectrum in any Service Area with the outcome of the Auction in any other Service Areas.

The Auction Rules are detailed in Section 7 and Section 8.

**1.1.9 The Mock Auction**

For the benefit of Bidders, a Mock Auction shall be conducted to familiarise the Bidders with the Auction Rules and bidding methodology to be applied and followed during the e-auction. The dates for the Mock Auction are provided in the Auctions timetable in the following section. The Government reserves the right to change these dates. Any change in the dates for the Mock Auction shall be notified through the Department of Telecommunications website, at least one day in advance of the start of the Mock Auction.

**1.1.10 Timetable**

The table below sets out the current timeline. The Government reserves the right to determine the overall timeline of the Auctions or to amend it from time to time.

<b>Table 1-B: Auctions timetable</b>	
Queries on IM	By 5 <sup>th</sup> September, 2012
Pre-bid conference	6 <sup>th</sup> September, 2012
Further queries	By 7 <sup>th</sup> September, 2012
Issue of Notice Inviting Applications	28 <sup>th</sup> September, 2012
Last date for submission of Applications	19 <sup>th</sup> October, 2012
Publication of ownership details of Applicants	21 <sup>st</sup> October, 2012
Bidder Ownership Compliance Certificate	24 <sup>th</sup> October, 2012
Pre-qualification of Bidders	28 <sup>th</sup> October, 2012
Final List of bidders	6 <sup>th</sup> November, 2012
Mock Auction	7 <sup>th</sup> - 8 <sup>th</sup> November, 2012
Start of the e-auction of 1800MHz Band	12 <sup>th</sup> November, 2012
Start of the e-auction of 800MHz Band	2 days from the day of close of the e-auction of 1800MHz Band
Payment of the Successful Bid Amount	Within 10 calendar days of the close of the respective e-auctions

**Note:**

Any changes in the Auction Timelines will be communicated through the DoT website. Participants are requested to monitor the DoT website actively.

### **1.2 Application instructions, enquiries and further information**

Application instructions are given in Section 5 of the Memorandum. Contacts for enquiries or further information are provided in Section 10 of the Memorandum. Recipients' attention is in particular drawn to the rules regarding collusion and confidentiality of information. Applicants should familiarise themselves and ensure their compliance with these rules, and should note that breach of the rules by themselves, any of their Associated Licensees or their Insiders may lead to their exclusion from the Auctions.

### **1.3 Advisers to the Government**

M/s. Times Internet Limited and M/s. e-Procurement Technologies Limited (together, referred to as the "Auctioneer") are advising the Government on the Auctions.

The auctioneer will manage the day-to-day running of the Auctions.

## **2 Indian Wireless Mobile Sector**

### **2.1 Sector Overview**

The Indian market for telecom services is one of the fastest growing and second largest network in the world. The growth has been driven by the rapid adoption of 2G mobile services in the country, the competitive landscape that has been promoted in the sector and the various policy initiatives undertaken by the Government over the last few years.

The penetration of mobile services stood at 76.99% at the end of June 2012, while the year-on-year growth in mobile subscribers in the last one year was 9.67%.

The following charts illustrate the rapid growth in mobile subscribers currently taking place in India. The industry has added 82.4 million wireless telephone subscribers during last one year with an average of about 6.87 million subscribers per month.

### **2.2 Service Areas**

India is divided into 22 service areas. An operator wishing to operate in a particular service area is required to have a licence specific to that service area.

The statistics below give an overview of the subscribers and the penetration for each service area as on 30<sup>th</sup> June, 2012.

<b>Table 2-A: Overview of subscriber base and Wireless penetration</b>			
<b>Sr. No.</b>	<b>Name of the Service area</b>	<b>Wireless subscriber base (in million)</b>	<b>Wireless penetration (in %)</b>
1	Andhra Pradesh	67.47	78.69
2	Assam	14.90	47.95
3	Bihar	62.76	47.73
4	Gujarat	54.50	89.76
5	Haryana	23.10	88.86
6	Himachal Pradesh	7.45	108.28
7	Jammu & Kashmir	6.67	56.01
8	Karnataka	56.85	94.40
9	Kerala	34.86	99.73
10	Madhya Pradesh	53.54	54.40
11	Maharashtra (excl. Mumbai)	71.57	75.34
12	North East	8.94	66.81
13	Orissa	26.55	64.41
14	Punjab	31.06	104.88
15	Rajasthan	50.24	72.55
16	Tamil Nadu (including Chennai)	79.53	114.49
17	Uttar Pradesh (East)	77.43	61.56
18	Uttar Pradesh (West)	55.26	
19	West Bengal (excl.Kolkata)	47.25	61.77
20	Kolkata	25.58	167.87
21	Delhi	42.81	223.35
22	Mumbai	35.79	166.26
	<b>Total</b>	<b>934.10</b>	<b>76.99</b>

**Note:**

The figures of West Bengal, Tamilnadu, Madhya Pradesh, Bihar and Uttar Pradesh (West) service areas also include wireless telephones of Andaman & Nicobar and Sikkim, Chennai, Chhattisgarh, Jharkhand and Uttarakhand, respectively.

### **2.3 Market Share**

The following chart shows the market shares, in terms of subscribers, of the mobile telephone service providers in India on an all-India basis.

### **2.4 Technology**

There are no restrictions on the technology to be adopted for providing services within the scope of the service license.

The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/Industry.

### **2.5 Evolution of the regulatory regime and its impact on the industry**

The Indian telecommunications industry was state-owned until 1991, when the DoT began the process of introducing private participation in the sector by inviting bids for non-exclusive licences to provide cellular services in the four metropolitan Service Areas (Delhi, Mumbai, Kolkata and the erstwhile Chennai service area). The Bidders were required to be Indian companies with up to 49% foreign ownership. Any foreign partner of the bidding company had to be an entity with experience in the telecommunications sector.

In 1994, the Government announced the National Telecom Policy which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, improving India's competitiveness in global markets and promoting exports, attracting FDI and stimulating domestic investment, ensuring India's emergence as a major manufacturing/ export base of telecom equipment and ensuring universal availability of basic telecom services to all villages.

In 1995, the DoT invited bids for two cellular services licences each in 18 more circles. The Government issued 34 licences covering 18 service areas to 14 companies from 1995 through 1998. No bids were received for the Jammu and Kashmir circle. The terms of the licences required mobile operators to interconnect through the fixed-line networks of BSNL and MTNL.

Another round of reforms in the telecom sector was introduced through the implementation of the New Telecom Policy 1999 ("NTP-99"). NTP-99 laid down a clear roadmap for future reforms, contemplating the opening up of all the segments of the telecom sector for private sector participation. It clearly recognized the need for strengthening the regulatory regime in telecoms and for restructuring the Department of

Telecommunication Services (“DTS”) into a corporate organisation, in order to separate the licensing and policy-making functions of the Government from that of being an operator. It also recognized the need for resolving the prevailing problems faced by the operators so as to restore their confidence and improve the investment climate.

In January 2001, the Government published guidelines concerning the fourth licence to be awarded for each service area.

Also, in January 2001, based on the recommendations of the Telecom Regulatory Authority of India (“TRAI”), the Government issued guidelines to permit fixed-line telecommunications service providers to provide limited mobility services using Wireless in Local Loop (“WLL(M)”) technology, within specified short distance calling areas in which the relevant subscriber was registered. In October 2003, TRAI recommended to the Government that fixed-line telecommunications service providers intending to provide limited mobility services based on WLL(M) technology pay a specified amount as an additional entry fee.

In November 2003, NTP-99 was amended to include a UAS licence, permitting a licensee to provide fixed-line and/ or mobile services using any technology in a defined licence area upon conversion to a UAS licence. The Government issued guidelines relating to UAS licences in November 2003. There is no limitation on the number of UAS licences that can be granted in any given licence area.

The year 2003 also saw a transition to a Calling Party Pays regime. The termination charges are regulated by the TRAI.

In November 2005, the Government, through Press Note 5 of 2005, raised the foreign direct investment limit applicable to the telecommunications sector from 49% to 74% (held directly or indirectly) subject to compliance with certain conditions, including that the majority of the directors and selective key senior management personnel of a company operating in the telecommunications sector be resident Indian citizens, the shareholder agreements and the memorandum and articles of association of the company be amended to ensure compliance with the conditions of the relevant licence agreement, and a resident Indian promoter hold at least 10% equity of the company.

Under the “crossover spectrum” policy, CDMA and GSM operators were made eligible to use both technologies under the same licence.

### **2.5.1 Unified License – Key Features**

- 1 The licence shall be governed by the provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933 and the Telecom Regulatory Authority of India Act 1997 as modified or replaced from time to time
- 2 The new entrants shall have to obtain a ‘Service Area Level Unified License’ OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, as may be finally decided by the Government.

- 3 The Service Areas in the ‘Service Area Level Unified License’ would be the same as in the UAS License but without any categorisation into A, B or C categories.
- 4 Subject to fulfilment of relevant eligibility conditions, License shall be issued on non-exclusive basis, without any restriction on the number of licenses.
- 5 The applicant must be an Indian Company, registered under the Indian Companies Act, 1956.
- 6 The Applicant Company shall have to be in compliance with the relevant provisions of FDI policy of the Government and such modifications to the policy as may be issued from time to time. The relevant provisions may be seen at <http://traf.gov.in/WriteReadData/Recommendation/Documents/Recommendation--160412.pdf>.
- 7 FDI shall be subject to laws of India and not the laws of the foreign country/countries.
- 8 The Applicant Company shall have a minimum net worth as well as paid up equity capital of Rs 2.5 crore for each Service area level Unified License on the date of application and shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) along with the application. The net worth of promoters shall not be counted for determining the net worth of the company In case of acquiring Unified License in any other license area, the Licensee shall maintain additional net-worth and paid up equity as prescribed for that service area/district also. The net worth requirement for Unified License is summarised below:
  - Net worth and Paid up equity requirement: Rs. 2.5 crore for each service area
  - Total minimum net worth and Paid up equity required for more than one license area :
    - Rs 2.5 crore X no of service areas for which LOI/License have been issued and applied for in the name of the applicant.
- 9 Equity Holdings:
  - a) The details of the equity holdings in the Applicant Company should be disclosed by the company as follows:

S. No.	Name of Promoter/Partner	Indian/Foreign	Equity percentage	Net worth

## Auction of Spectrum in 1800MHz and 800MHz Bands – Information Memorandum

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- b) Details of equity holding of the Promoter / Partner Indian Companies of the Applicant Company should be disclosed by the applicant company as follows:

S. No.	Name of Promoter/Partner	Indian/Foreign	Equity percentage	Net worth

- 10 License will be given based on the information /certificates submitted by the applicant with the condition that at a later date if the information is found wrong the license shall be liable to be terminated.
- 11 Entry fee: Rs 1 (One) crore for each service area Level unified license except for Jammu & Kashmir and North East Service Areas where Entry Fee will be Rs. 50 (Fifty) lakhs each
- 12 Additional Guidelines for Spectrum assignment associated with Unified Licence:
- In case of spectrum assignment to a Unified licensee, net worth of those promoters having at least 10% equity holding shall be taken into consideration
  - The net worth requirement would be Rs. 100 crore for all service areas except J&K and NE where it will be Rs. 50 crore.
  - The net worth requirement spelt in (i) & (ii) above is applicable in case of new entrants / Unified Licensee who applies for assignment of access spectrum and this is to be met before participation in the auction.
  - The Applicant Company shall have a minimum paid up equity capital equal to one tenth of net worth prescribed above and shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) while applying for participation in the auction of spectrum.
  - Companies covered under exception under condition no. 1.4 of UASL may be permitted to bid only for the spectrum band which they currently hold.
  - Other Companies holding spectrum either in 900/1800 MHz or 800 MHz band may be permitted to bid only for the spectrum band which they currently hold.
  - Companies holding spectrum in 900/1800 MHz and 800 MHz band may be allowed to bid for both the bands.

The Government reserves the right to amend the licence conditions and guidelines from time to time;

The licence shall be governed by the provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933 and the Telecom Regulatory Authority of India Act 1997 as modified or replaced from time to time.



### **3 Spectrum**

#### **3.1 Spectrum to be auctioned**

Rights to use spectrum at specified frequencies in the following bands (subject to fulfilment of eligibility conditions, relevant licence conditions and any particular conditions related to specific frequency blocks) for a period of 20 years (from the date of award of right to commercially use the allocated spectrum block) are being offered for award. Details of Service area wise availability of spectrum in 1800MHz and 800MHz band are given in Table 7-A and Table 8-A respectively.

##### ***Auction of Spectrum for 1800MHz Band***

The Government has decided the following in respect of the quantum of spectrum and number of blocks and size of the blocks to be auctioned for 1800MHz band.

- Block size shall be of 1.25MHz (Paired).
- A minimum of 8 blocks each of 1.25MHz (10 MHz) will be put to auction in all Service Areas. In addition, a provision be made for spectrum up to 3 blocks each of 1.25MHz (3.75MHz), wherever available, after reserving spectrum for refarming against allocation in 900 MHz band for the licences expiring during 2014 to 2016 and also taking care of guard band requirements, for topping up the 8 blocks of spectrum put to auction i.e. up to a total of 11 blocks each of 1.25MHz to meet the requirement of new entrants, if such an exigencies arises, and the Department would ensure that the entire quantum of spectrum of 10 MHz is allocated in the auction.
- The existing operators will be allowed to take maximum two blocks of 1.25MHz each in each service area.
- A bidder who is a New Entrant in a particular Service Area will be required to bid for a minimum of 4 blocks each of 1.25MHz in each service area.
- The New Entrant bidder will be allowed to bid for one additional blocks of 1.25MHz in each service area.

##### ***Auction of Spectrum for 800MHz Band***

The Government has decided the following in respect of the quantum of spectrum and Number of blocks and size of the blocks to be auctioned for 800MHz band.

- Block size shall be of 1.25MHz (Paired).
- 3 blocks each of 1.25MHz (3.75MHz), be put to auction. In addition, a provision be made for spectrum of one block of 1.25MHz, wherever available, for topping up the 3 blocks of spectrum put to auction, to meet the requirement of new entrants, if such an exigencies arises, and the Department would ensure that the entire quantum of spectrum of 3.75MHz is allocated in the auction.
- The existing operators will be allowed to bid for one block of 1.25MHz in each service area.

- A bidder who is a New Entrant in a particular Service Area will be required to bid for a minimum of 2 blocks each of 1.25MHz in each service area.
- The New Entrant bidder will be allowed to bid for one additional block of 1.25MHz in each service area.

Spectrum usage rights shall be awarded separately for specific service areas.

The spectrum shall not be used for any activity other than the activities for which the operator has a licence. The award of spectrum by itself does not confer the right to provide services. For instance, in order to provide mobile telephony using the Spectrum in 1800MHz or 800MHz band, the Successful Bidder will also need to possess a UAS/ CMTS license or acquire a Unified licence for the relevant service areas. The detailed conditions that must be satisfied by potential Bidders in order to participate in the various Auctions are described in Section 4.

It may be noted that the Government is validating the frequency available across circles for the auction. Final details of the frequencies to be auctioned will be notified in the Notice.

The Government reserves the right to change the above frequencies without assigning any reason at any point of time.

In the case of the Auction of Spectrum in 800MHz band, the Government shall auction 3 blocks, each of 1.25MHz (paired) in each of the 22 Service Areas.

The allocation of blocks would depend on the categorization of the respective bidders (as New Entrant or as an Existing Telecom Service Provider) for each of the 22 Service Areas.

Specific frequencies have not been identified for allocation in the 800MHz band at this stage. This would be decided post the completion of the Auction with a view to ensuring efficient utilisation of spectrum such that operators are able to get contiguous spectrum to the extent possible.

It may be noted that the Government is validating the frequency available across circles for the auction. Final details of the frequencies to be auctioned will be notified in the Notice.

The allocation of blocks in the 1800MHz and 800MHz band would depend on their respective categorization as an Existing Telecom Service Provider or New Entrant in the respective Service Area.

- (i) The Government is committed to the growth of telecom services in India, and as part of this commitment it shall endeavour to make available more spectrum in the future for different commercial uses. However, it must be noted that there are constraints on the availability of additional spectrum due to various agencies currently utilising a significant portion of the spectrum.

### **3.2 Backhaul Spectrum**

Authorisation for the use of spectrum for individual point-to-point fixed links would be the subject of separate applications. Subject to the usual processes, terms and conditions, and

applicable charges, the Government shall make available spectrum for these purposes under the terms and conditions specified by the WPC Wing, subject to availability. However, it must be noted that these frequencies are not part of the Auctions, and payment of the Successful Bid Amount does not grant usage rights to such backhaul spectrum. Separate charges, as applicable, are payable for backhaul spectrum.

### **3.3 Spectrum Trading**

Spectrum trading is not allowed in India, at this stage.

### **3.4 Penalty for Spectrum Hoarding**

For the efficient management of available spectrum, TRAI may undertake regular spectrum audit. TRAI may carry out review on the present usage of spectrum available. In both the cases, TRAI may make recommendations to the Government.

## 4 Eligibility and Conditions

### 4.1 Eligibility criteria to participate in the Auctions

#### 4.1.1 Auction for Spectrum in 1800MHz Bands

Recipients considering submitting applications to pre-qualify for the Auction should note the following key points regarding eligibility:

- Holder of CMTS/ UAS licenses will be treated as ‘Existing Player’;
- Companies (Not an existing licensee) eligible for grant of Unified License (UL) OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, will be treated as ‘New Entrants’ and will have to obtain a Unified License; and
- The companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will be treated as New Entrant.

A Unified Licence (UL) can only be awarded to an Indian Company<sup>1</sup> as per extant guidelines. A Unified Licence (UL) can be awarded to an Indian Company only, with a maximum foreign equity of 74% as per extant guidelines. Hence, foreign entities desirous to participate in the auction(s) will need to form an Indian company accordingly to obtain a Unified Licence (UL). It is clarified that services can only be offered as per terms of the licence obtained by the operator. Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the licence obtained by the operator.

#### 4.1.2 Auction for Spectrum in 800MHz Bands

Recipients considering submitting applications to pre-qualify for the Auction should note the following key points regarding eligibility:

- Holder of CMTS/ UAS licenses will be treated as ‘Existing Player’;
- Companies (Not an existing licensee) eligible for grant of Unified License (UL) OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, will be treated as ‘New Entrants’ and will have to obtain a Unified License; and
- The companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will be treated as New Entrant.

A Unified Licence (UL) can only be awarded to an Indian Company<sup>1</sup> as per extant guidelines. A Unified Licence (UL) can be awarded to an Indian Company only, with a maximum foreign equity of 74% as per extant guidelines. Hence, foreign entities desirous to participate in the auction(s) will need to form an Indian company accordingly to obtain a Unified Licence (UL). It is clarified that services can only be offered as per terms of the licence obtained by the operator. Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the licence obtained by the operator.

### 4.2 Associated Licensees

For the purpose of the Auction of Spectrum in 1800MHz and 800MHz band, Associated Licensees are defined as existing UAS/ CMTS licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company (the “Common Parent”). In the case of licensees that are listed on recognised stock exchanges<sup>1</sup>, a company of the Promoter group<sup>2</sup> would also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of any of the Auctions, Associated Licensees corresponding to a single Common Parent shall be required to nominate a single entity (either one of the Associated Licensees or the Common Parent) which shall be authorised to bid on their behalf (the “Group Bidding Entity”).

In case a Group Bidding Entity is declared the Successful Bidder in any service area and there is an Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to that Associated Licensee. In such a case, the Group Bidding Entity and the Associated Licensee shall both be jointly and severally liable for the performance of the Bid obligations.

In case a Group Bidding Entity is declared the Successful Bidder in any of the Service Area in the Spectrum of either 1800MHz or 800MHz band, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to the Group Bidding Entity or one of its Associated Licensees of any other Service Area that acquires a UL / UAS licence (“Nominee Licensee”) in that service area. In case the Nominee Licensee is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee Licensee shall both be jointly and severally liable for the performance of the Bid obligations.

More than one Associated Licensee having the same Common Parent shall not be allowed to enter any of the Auctions, even if they intend to bid for different non overlapping combination of Service Areas.

### 4.3 Prospective New Entrants

Prospective Bidders who do not have a UAS / CMTS licence (for the Spectrum Auction), shall be permitted to enter either of these Auctions subject to the provisions of Section 4.1. However, it is clarified that a Prospective New Entrant who is pre-qualified for the auction or is declared a Successful Bidder shall obtain a Unified / UAS Licence without spectrum.

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1 *“Recognised stock exchanges” refers to stock exchanges recognised by the Securities and Exchange Board of India (SEBI).*

2 *Definition of “Promoter group” would be the applicable SEBI definition as contained in the most recent Securities and Exchange Board of India - Disclosure and Investor Protection Guidelines, 2000 issued by SEBI and updated from time to time.*

Prospective New Entrants are advised to ensure that they satisfy the conditions for the award of a Unified Licence, as applicable including other mandatory clearances / approval required for grant of license. This includes the relevant provisions for making an FDI into the telecom services sector in India. It must be noted by prospective Bidders that FIPB approval is contingent on security clearances and, under certain circumstances, could take considerable time. Accordingly, such Bidders are advised to initiate the process of getting approvals from the FIPB at the earliest, as such approvals are available for entities with an intent to invest as well as those that have already made such investments.

### **4.4 Roll-out obligations**

The licensee to whom the spectrum is assigned shall have a network rollout obligation as detailed in this section. The obligation reflects the need both to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross-section of customers.

#### **4.4.1 Roll-out Obligations for Spectrum in 1800MHz and 800MHz Band**

4.4.1.1 The new entrant will have to fulfil roll out obligation as provided in the existing UAS license with sharing of passive infrastructure as presently permissible.

4.4.1.2 Over the above roll out obligation mentioned in section 4.4.1.1, the new entrants as well as the incumbent licensees acquiring spectrum in the auction will have following roll out obligations:

- (i) At least 10% of the block headquarters of the Licensed Service Area (LSA) shall be covered by the end of three years from the effective date of Licences or date of assignment of spectrum won in the auction process, whichever is later. Additional 10% of the Block Headquarters of the LSA shall be covered in subsequent years i.e. at least 20% and 30% coverage of the block headquarters of the LSA has to be achieved at the end of 4<sup>th</sup> and 5<sup>th</sup> year respectively.
- (ii) Coverage of Block Headquarters would mean that at least 90% of the area bounded by the local body limits should get the required street level coverage by setting up of Base station (for example a BTS / node B/ e-node B )in the Block Headquarters.
- (iii) Incumbent licensees may offer coverage of Block Headquarters already achieved in accordance with stipulation in section 4.4.1.2 (ii) above as compliance towards roll out obligation.
- (iv) The choice of Block Headquarters to be covered and further expansion beyond 30% Block Headquarters shall lie with the Licensee depending on their business decision.
- (v) In case of dual technology operators, the roll out obligation shall be applicable in respect to the network deployed using the spectrum acquired

through auction. Accordingly, the roll out already achieved shall be counted in the same spectrum band.

- 4.4.1.3 While the obligation under section 4.4.1.1 will have to be met by setting up owned infrastructure with sharing of passive infrastructure as presently permissible, the new entrants and the incumbent licensee will have the flexibility to meet the roll out obligation mentioned in section 4.4.1.2 (i) & (ii) through shared infrastructure to the extent permissible as per guidelines / instructions applicable from time to time.
- 4.4.1.4 In case Metro Service Area, there will be no obligation relating to Block Headquarters for the new entrant as well as incumbent licensees.
- 4.4.1.5 The number of Block Headquarters will be taken as existing on the date of issue of the Notice Inviting Applications (NIA) for auction of spectrum.
- 4.4.1.6 **Liquidated damages:** Suitable clauses for imposing of liquidated damages in case of delayed roll out, time taken for Standing Advisory Committee on Radio Frequency Allocation (SACFA) clearances, provision of termination of licenses and withdrawal of spectrum in case of failure in roll out etc. will be worked out separately by DoT and incorporated in NIA.

### 4.5 Spectrum usage charges

A spectrum usage charge in addition to the spectrum auction price as a percentage of the Adjusted Gross Revenue (AGR) shall be payable by the successful bidder as per the rates notified by the Government from time to time. The present spectrum usage charges are mentioned below:

<b>Schedule A: Charges for GSM operators</b>	
<b>Spectrum Slab</b>	<b>% of AGR</b>
Up to 4.4 MHz	<b>3%</b>
Up to 6.2 MHz	<b>4%</b>
Up to 8.2 MHz	<b>5%</b>
Up to 10.2 MHz	<b>6%</b>
Up to 12.2 MHz	<b>7%</b>
Up to 15.2 MHz	<b>8%</b>

<b>Schedule B: Charges for CDMA operators</b>	
<b>Spectrum Slab</b>	<b>% of AGR</b>
Up to 5 MHz	<b>3%</b>
Up to 6.25 MHz	<b>4%</b>
Up to 7.5 MHz	<b>5%</b>
Up to 10 MHz	<b>6%</b>
Up to 12.5 MHz	<b>7%</b>
Up to 15 MHz	<b>8%</b>

The following shall be considered while computing the annual spectrum charges:

- Applicable AGR shall be computed in accordance with the provisions of the relevant service licence;
- Annual spectrum charges shall be applicable from the date of award of right to use allotted spectrum.
- For the purpose of calculation of spectrum usage charge, there shall be a minimum AGR which shall be not less than 5% of the bid amount. The calculation of spectrum usage charges shall be on the basis of minimum AGR or the actual AGR whichever is higher.

#### **4.6 Adjusted Gross Revenue (AGR)**

For this purpose, the AGR shall be defined as in the relevant licence (UAS/ CMTS/ UL, as applicable) governing the operations of the operator.

At present, the UAS licence defines AGR as below:

The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

For the purpose of arriving at the “Adjusted Gross Revenue (AGR)” the following shall be excluded from the Gross Revenue to arrive at the AGR:

- (i) PSTN related call charges (Access Charges) actually paid to other eligible/ entitled telecommunication service providers within India;
- (ii) Roaming revenues actually passed on to other eligible/ entitled telecommunication service providers; and
- (iii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.



### **4.7 Duration**

The right to use the Spectrum in 1800MHz and 800MHz band shall be valid for 20 years from the date of issue of LoI unless revoked or surrendered earlier, subject to the operator continuing to have a UAS / CMTS / Unified licence. In case the UAS / CMTS / Unified licence is cancelled/ terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith.

### **4.8 Breach, revocation and surrender**

The spectrum allocation / assignment may be revoked, withdrawn, varied or surrendered in accordance with applicable licence conditions or any other applicable laws, rules, regulations or other statutory provisions.

The spectrum allocation / assignment may also be revoked if the Government determines the user of the spectrum to be in serious breach of any of the conditions of the award of the spectrum (including adherence to the Auction Rules) and the consequent obligations. In case of less serious breaches, the Government may impose penalties at its discretion. Seriousness of the breach shall be determined by the Government at its sole discretion.

In case the Successful Bidder does not have the relevant service licence for a service area where it has been declared a Successful Bidder, it must apply for, or otherwise acquire the relevant service licence in the service area in accordance with the terms of the Notice Inviting Application.

The conditions governing the surrender of the spectrum will be as per the NIA.

If at any stage, the spectrum allocation / assignment is revoked, withdrawn, varied or surrendered, no refund will be made.

## **5 Auction Details**

### **5.1 General Conditions**

#### **5.1.1 Confidentiality**

Confidential Information means any non-public information which, if known to other Bidders, would be likely to affect the price that the other Bidders would be prepared to bid in the Auctions or the bidding strategy that other Bidders would adopt. Such Confidential Information shall include (but not necessarily be limited to) the Bidder's business case, auction strategy and the highest price it is willing to bid for spectrum in any service area. Any party to whom Confidential Information in relation to a Bidder is disclosed is deemed to be an Insider in relation to that Bidder. Bidders and Insiders must not convey Confidential Information to any other person, including another Bidder or its Insiders.

Bidders shall also not be permitted to disclose the status of their participation, including whether they continue to bid in any or all service areas, in any of the Auctions, until the completion of the relevant Auction.

#### **5.1.2 Directors, employees and advisers**

No person, whether individual or corporate, can act for, or on behalf of, or advise more than one Bidder that is participating in any of Auctions (the Auction for 1800MHz band or for 800MHz band) in respect of the Auctions.

#### **5.1.3 Anti-competitive activity**

Bidders must not enter into any arrangements with suppliers of equipment or software that would restrict the supplier's ability to supply such equipment or software to other Bidders for the purposes of planning, building or operating a network utilising the frequencies to be auctioned. Bidders are also not permitted to agree with suppliers of equipment or software any form of restriction as to the prices charged or other terms and conditions that such suppliers may agree with any other Bidder.

### **5.2 Application Requirements**

#### **5.2.1 Application format and procedure for submission**

In order to pre-qualify for the Auctions, prospective Bidders must submit an Application before the last date for submission of such applications, as per the following requirements.

Separate Applications are required for the Spectrum Auction in 1800MHz and 800MHz band, in the prescribed formats. Formats for Application and various undertakings are provided in Section 11.5 (Annexures).

Applicants should inform the DoT promptly in case of any change in the information submitted by them as part of their Application.

The Government reserves the right to summarily disqualify any pre-qualified Bidder at any

stage of the Auctions or after the Auctions are completed on grounds of noncompliance with eligibility conditions, misrepresentation, non-compliance with Auction Rules, non-compliance with any other pre-condition prescribed for participating in the Auctions or being awarded the spectrum or any matter that may, in the opinion of the Government, be contrary to general public interest.

For such breaches, a Bidder's Earnest Money Deposit shall be forfeited and the Government may undertake other penal action as well against such a Bidder. Seriousness of the breach shall be determined by the Government at its sole discretion.

### 5.2.1.1 Auction of Spectrum in 1800MHz band

Prospective bidders are required to submit:

- A completed Application Form and all supporting information including the necessary undertakings and the Application Checklist;
- An application processing fee;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Section 11.5.2 (Annexures)) from a Scheduled Bank, of an amount equal to the summation of earnest money amounts of the service areas that the Bidder wishes to be eligible to bid for ("Earnest Money Deposit") as per the following Table 5-A:

<b>Service Area</b>	<b>Earnest Money Amount per block size of 1.25MHz (paired) (Rs. Crore)</b>
West Bengal	8.50
Andhra Pradesh	35.25
Assam	2.75
Bihar	8.50
Gujarat	35.25
Haryana	8.50
Himachal Pradesh	2.75
Jammu & Kashmir	2.75
Karnataka	35.25
Kerala	12.00
Madhya Pradesh	12.00

Maharashtra	29.00
North East	2.75
Orissa	8.50
Punjab	9.00
Rajasthan	12.00
Tamil Nadu	35.25
Uttar Pradesh (West)	12.00
Uttar Pradesh (East)	12.00
Delhi	68.50
Kolkata	12.00
Mumbai	68.50

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit sufficient earnest money so as to enable them to switch between Service Areas during the course of the e-auction. The Earnest Money Deposit will determine the eligibility of Bidders to make bids during the Clock Stage of the Auction, as described subsequently in Section 5.2.4;

- Nomination of an authorised person, who is empowered to take all decisions connected with the e-auction for Spectrum in 1800MHz band on the Bidder's behalf and correspond on behalf of the Applicant with the Government and the Auctioneer (the "Authorised Person"), along with a Power of Attorney empowering her / him for the same. Applicants may authorise one more person, who could act as the alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Bidder, the submission from the primary Authorised Person shall be considered as final and binding;

The Government reserves the right not to pre-qualify any Applicant without assigning any reason whatsoever.

### 5.2.1.2 Auction of Spectrum in 800MHz band

Prospective Bidders are required to submit:

- A completed Application Form and all supporting information including the necessary undertakings and the Application Checklist;
- An application processing fee;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Section 11.5.2 (Annexures)) from a Scheduled Bank, of an amount equal to the summation of earnest money amounts of the service areas that the Bidder wishes to be eligible to bid for as per the following Table 5-B:

<b>Table 5-B Service Area wise Earnest Money for Spectrum Auction in 800MHz Band</b>	
<b>Service Area</b>	<b>Earnest Money Amount per block size of 1.25MHz (paired) (Rs. Crore)</b>
West Bengal	11.00
Andhra Pradesh	46.00
Assam	3.75
Bihar	11.00
Gujarat	46.00
Haryana	11.00
Himachal Pradesh	3.75
Jammu & Kashmir	3.75
Karnataka	46.00
Kerala	15.50
Madhya Pradesh	15.50
Maharashtra	46.00
North East	3.75
Orissa	11.00
Punjab	15.50
Rajasthan	15.50
Tamil Nadu	46.00
Uttar Pradesh (West)	15.50
Uttar Pradesh (East)	15.50
Delhi	89.00
Kolkata	15.50
Mumbai	89.00

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit sufficient earnest money so as to enable them to switch between Service Areas during the course of the e-auction. The Earnest Money Deposit will determine the eligibility of Bidders to make bids during the Clock Stage of the Auction, as described subsequently in Section 5.2.4;

- Nomination of an Authorised Person, who is empowered to take all decisions connected with the Spectrum Auction in 800MHz band on the Bidder's behalf and correspond on behalf of the Applicant with the Government and the Auctioneer, along with a Power of Attorney empowering her / him for the same. Applicants may authorise one more person, who could act as the alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Bidder, the submission from the primary Authorised Person shall be considered as final and binding;

The Government reserves the right not to pre-qualify any Applicant without assigning any reason whatsoever.

### 5.2.2 Ownership compliance certification

After the last date of submission of Applications, the Government shall publish the ownership details submitted by the Applicants, who have not otherwise been disqualified before then, on the Auctions website.

After this, an Applicant, who has not otherwise been disqualified before then, shall be required to submit an undertaking confirming that it complies with the ownership restrictions (the "Ownership Compliance Certificate") before the deadline indicated in the Auction timetable. The Government reserves the right to modify this deadline by giving Applicants notice through the Auctions website.

Formats for Application and various undertakings are provided in Section 11.5 (Annexures).

### 5.2.3 Pre-qualification tests

In order to pre-qualify, the Applicant must satisfy the following tests:

a) Application requirements

The Applicant must comply with the requirements for provision of information, the required certification and payment of the Earnest Money Deposit. Failure to provide any of these documents or to make the payment within the time specified may result in the Applicant not qualifying for the relevant Auctions.

b) Ownership restrictions

No two Applicants in any of the Auctions should have the same entity directly or indirectly owning more than 10% equity in them. If two Applicants having common ownership greater than 10% apply for prequalification in the same Auction, one of them must withdraw until the last date for submission of Ownership Compliance Certificate, failing which both shall not be pre-qualified.

However, common shareholding by the Government of India between any of the entities is permitted.

c) General Powers of exclusion

The Government shall retain a general power to exclude any Applicant, without providing any reason for such action. Further, the Government may exclude any Applicant, if in its opinion:

- i) the holding of a UAS / Unified licence by that Applicant would be prejudicial to the interests of national security; or
- ii) the Applicant would not be a fit and proper person to hold a UAS / Unified licence.

During the pre-qualification stage, the Government may ask Applicants to provide additional information or documentation relating to their Applications. The Government reserves the right to withdraw the prequalification of any Bidder at any stage even after the initial pre-qualification.

Pre-qualification for any of the Auctions or declaration as Successful Bidder does not guarantee a Bidder that the UAS licence or Unified licence application of this Bidder (if applicable) shall be approved. Prospective Bidders who are not existing UAS/ CMTS licence-holders must satisfy themselves that they meet the criteria for award of a Unified licence / UAS licence.

### **5.2.4 Earnest Money Deposit**

The earnest money (in the form of a Bank Guarantee from a Scheduled Bank) for the requisite amount needs to be submitted along with the Application for prequalification.

The Bank Guarantee shall be from a Scheduled Commercial Bank, and be valid up to 30<sup>th</sup> April, 2013 and extendable for a further period of six months at the request of DoT, in the prescribed format as given in Section 11.5.2 (Annexures).

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit earnest money based on the number of service areas that they would like to participate in the relevant Auctions for. Each type of service areas has a specific deposit requirement. To make a Bid in the Clock Stage for a combination of service areas, a Bidder must have already submitted an Earnest Money Deposit (“EMD”) for not less than the total earnest money requirements of those service areas.

In addition, the EMD will determine the Initial Eligibility of Bidders in the Auctions. The detailed method by which Initial Eligibility is determined is given subsequently for each of the three Auctions. At no stage in the Auctions shall they be allowed to bid for more service areas than the Initial Eligibility points corresponding to the EMD will permit.

For each of the Auctions, a separate consolidated EMD for all service areas needs to be submitted. The total amount may be broken down into up to 5 different EMD letters.

The EMD will be returned following failure to pre-qualify, or following the end of the Auctions and after meeting all the necessary obligations under the Auction Rules, as applicable.

Without prejudice to any other remedy that may be available to it, the Government reserves the right to forfeit the EMD in the case that:

- (a) The Applicant misrepresents facts in its Application;
- (b) The Applicant violates any of the Auction Rules or otherwise disrupts the Auctions process;
- (c) The Bidder does not bid for even one service area in the first Clock Round of the relevant Auction;
- (d) The Bidder defaults on its Bid.

### **5.2.5 Application Processing Fee**

The Applicant shall pay a non-refundable application processing fee of Rs. 100,000/- (Rupees One Lakh only) payable to Pay and Accounts Officer (HQ), DoT, New Delhi, through a demand draft drawn on a Scheduled Commercial Bank payable at Delhi.

## **5.3 Announcement of pre-qualified Bidders**

The Government shall put up a list of pre-qualified Bidders on the DoT website. At the same time, each pre-qualified Bidder shall be issued a notice (the “Bidder Participation Notice”), which shall include:

- Details of all Bidders’ total Earnest Money Deposits and corresponding Initial Eligibility points; and
- The EAS Manual, which includes detailed instructions on how to access the EAS.

## **5.4 Bid Validity**

The Bids made in the Auctions shall be valid for a period of six months from the date when the Bids are made.

## **5.5 Payment Methodology**

Successful Bidders shall make the payment in any of the following two options:

- a) Deferred payment option subject to the following conditions:
  - (i) An upfront payment of 33% in the case of 1800MHz spectrum and 25% in the case of 800MHz spectrum of the final bid amount of one time charges for the spectrum be made within 10 days of declaration of successful bidder and final price;
  - (ii) There shall be a moratorium of 2 years for payment of balance amount of one time charges for the spectrum, which shall be recovered in 10 equal annual instalments. The amount payable annually by the successful bidders shall include interest on such instalments for the period it remains deferred, while ensuring that the Net Present Value (NPV) of the Bid amount is



- safeguarded by prescribing a suitable rate of interest;
- (iii) The annual instalment for the deferred payments shall be securitized by the successful bidder through Financial Bank Guarantee (FBG) of any scheduled bank in India, equivalent to one annual instalment with applicable interest thereon. The FBG shall be periodically renewed;
  - (iv) There shall be appropriate penal provisions to deal with default in payment of instalments by the bidder including recovery of interest duly safeguarding the Net Present Value (NPV) of the amount, levy of penal interest, encashment of bank guarantees, termination, etc.
- b) Option of Full upfront payment within 10 days of declaration of final price or pre-payment of one or more annual instalments.

### 5.6 Assignment of Spectrum

- Existing Licenses
  - Upon receipt of the Successful Bid Amount, the WPC Wing of DoT shall issue a Letter of Intent (LoI) identifying the frequencies to be allocated to the Successful Bidder. The date of issue of LoI shall be taken as the effective date for reckoning the period of 20 years for which the right to use the spectrum has been acquired by the licensee through this auction;
  - Amendments as applicable will be made to the existing UAS / CMTS licence of Successful Bidders.
  - On fulfilment of conditions as may be specified, the assignment of spectrum shall be made in response to an application, on prescribed format, for such spectrum.
- New Entrants
  - Upon receipt of the Successful Bid Amount, the WPC Wing of DoT shall issue a Letter of Intent (LoI) identifying the frequencies to be allocated to the Successful Bidder. The date of issue of LoI shall be taken as the effective date for reckoning the period of 20 years for which the right to use the spectrum has been acquired by the licensee through this auction;
  - Upon the Successful Bidder obtaining a Unified / UAS licence (without spectrum) and fulfilment of conditions as may be specified, the DoT shall assign the specified spectrum to the Successful Bidder in response to an application, on prescribed format, for such spectrum.
- Successful Bidders shall obtain SACFA clearance and a separate wireless operating licence from the Wireless Planning and Coordination (“WPC”) Wing of DoT as per prescribed procedure.

## **6 Associated Policy Issues**

### **6.1 Government's Vision**

The Government recognizes that provision of world class telecommunications infrastructure and channels for information dissemination is the key to the rapid economic and social development of the country. It is critical not only for the development of the Information Technology industry, but also has widespread ramifications on the entire economy of the country. It is also anticipated that going forward, a major part of the GDP of the country would be contributed by this sector. Accordingly, it is of vital importance to the country that there be a comprehensive and forward looking telecommunications policy which creates an enabling framework for development of this industry.

#### *National Telecom Policy, 2012 (NTP-2012)*

- The primary objective of NTP-2012 is maximizing public good by making available affordable, reliable and secure telecommunication and broadband services across the entire country. The main thrust of the policy is on the multiplier effect and transformational impact of such services on the overall economy. It recognizes the role of such services in furthering the national development agenda while enhancing equity and inclusiveness. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the National Telecom Policy – 2012. NTP-2012 also recognizes the predominant role of the private sector in this field and the consequent policy imperative of ensuring continued viability of service providers in a competitive environment. Pursuant to NTP-2012, these principles would guide decisions needed to strike a balance between the interests of users / consumers, service providers and government revenue.

### **6.2 Objectives of the Auctions**

The Government has set itself the following objectives for the Auctions:

- Obtain a market determined price of Spectrum in 1800MHz and 800MHz bands through a transparent process
- Ensure efficient use of spectrum and avoid hoarding;
- Stimulate competition in the sector;
- Promote rollout of Services in 1800MHz and 800MHz bands;
- Maximise revenue proceeds from the Auctions within the set parameters;

The Government reserves the right to cancel or postpone the Auctions, in part or in full, in order to safeguard the above objectives. The Government has the sole discretion to determine the relative priority of the objectives and whether the objectives are adequately safeguarded by the Auctions.

### 6.3 Mergers & Acquisitions

Mergers and Acquisitions (“M&A”) shall be as per policy guidelines on the subject issued by DoT from time to time.

### 6.4 Infrastructure Sharing

The Government encourages infrastructure sharing to reduce the cost of deployment and to minimise the environmental impact of networks. At present, a UAS licence permits the following:

- Sharing of “passive” infrastructure - buildings, towers, dark fibre etc. – is permitted;
- Provision of point to point bandwidth from an operator’s own infrastructure within its service area to other licensed telecom service providers for their own use (resale not permitted) is also permitted;
- Sharing of switches by the licensee for providing other licensed services is permitted;
- Active infrastructure sharing limited to antenna, feeder cable, Node B, RAN and transmission systems only and excluding spectrum has also been permitted now and the requisite amendments would be made to the UAS licence shortly.

### 6.5 Public Safety Standards

There is public concern over exposure to electromagnetic fields. Recipients will be expected to make their own judgements on this issue and Successful Bidders should comply with all appropriate guidelines, recommendations, relevant license conditions or other standards as appropriate.

## 7 The 1800MHz auction - Auction Rules

### 7.1 Conduct of the Auction

The e-auction (online auction) will be conducted over the internet using the web browsing software, IE 9.x or Mozilla 13.x wherein only the pre-qualified bidders will be allowed to participate.

The bidders will have to procure a Class-III Digital Signature Certificate (DSC) for signing & encryption issued by any valid Certifying Authority (approved by Controller of Certifying Authorities) in India which is mandatory for accessing the Electronic Auction System (EAS). The details of the licensed Certifying Authorities (CA) are available on [www.cca.gov.in](http://www.cca.gov.in) wherein the details have been mentioned. It would be the respective bidder's responsibility to acquire such DSCs in the name of their authorized signatories for participation in the e-auction. The bidders also need to ensure that they acquire the DSCs before the mock auction which will be conducted as per the timelines set by the Government.

Bidders would also be provided with a detailed manual (EAS manual) explaining on how to use the Electronic Auction System.

It would be respective bidders' responsibility to take reasonable steps to ensure that they have a reliable means of accessing the EAS and appropriate backup facilities. The Auction Rules provide contingency measures to deal with failure of the EAS, Internet connectivity problems and power failures.

### 7.2 Overview of the Auction Stages

In 1800MHz band, eight (8) blocks each of 1.25MHz (paired) will be put for auction, though spectrum will be in all Service Areas (SAs). In addition, a provision is also made for Spectrum of up to 3 blocks each of 1.25MHz (3.75MHz), wherever available, to meet the requirements of new entrants for topping up the 8 blocks of spectrum put up for auction, i.e. up to a total of 11 blocks each of 1.25MHz if such an exigency arises. The number of Blocks available for topping up would vary for each Service Area and is given in the Table 7-A. Please note that there would be no topping up in those Service Areas where the new entrant bidder has not been allocated any Block. The same is explained in detail in Section 7.3.9.

The bidders will be permitted to bid and will be allocated number of blocks depending upon their respective categorization i.e. New Entrant or Existing Telecom Operator. New entrants will be required to bid for a minimum of 4 blocks each of 1.25MHz in each service area. New entrants will also be allowed to bid for 1 additional block of 1.25MHz in each service area. The existing telecom operators will be allowed to bid for a maximum of 2 blocks of 1.25MHz each in each service area.

Spectrum available for award in this process will be allocated by Simultaneous Multiple Round Ascending (SMRA) e-auction.

- a) **Clock Stage:** This Stage will establish the number of block(s) to be awarded to the Bidders in each of the service areas. In this stage, in each service area, bidders will

bid for blocks of spectrum of 1.25MHz each as per their respective permissible limit depending on their categorization. The Clock Stage will consist of a number of rounds. These rounds will stop once:

- (i) For every Service Area, the number of bids at the prices set in the last completed Clock Round is less than or equal to the number of blocks available for all Service Areas; and
- (ii) There are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the auction can close are described in Section 7.3.1).

This will establish a common Winning Price for all blocks within a Service Area, and the Winning Bidders in each Service Area.

The Government reserves the right to change this allocation at any point during the licence period, if required, for harmonising bands and promoting spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for service areas in which they are assigned a block. All Winning Bidders in a service area will have equal Winning Prices as a consequence of the Auction Rules.

### **7.3 The Clock Stage**

#### **7.3.1 Overview**

In the Clock Stage, simultaneous bidding would be conducted for blocks across all the 22 Service Areas. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the Service Areas according to the detailed bidding rules described below.

In each Clock Round, bidders will be told the Clock Round Price per Block for each of the service areas. Bidders will be able to bid depending upon their respective categorization as a New Entrant or an Existing Telecom Service Provider. Therefore, in each Clock Round, a Bidder's decisions will consist of Yes / No choice for each of the service areas whether to make a Bid at a price equal to the current Clock Round price for that area. If the option of "Yes" is selected, then a choice of number of Blocks has to be selected. The number of Blocks will be a drop down option on the bidding screen depending on the categorization of the bidder for each of the service areas.

By bidding on a service area, if that Bid becomes a Winning Bid, the Bidder commits to buy the block(s) in that service area at a price not greater than the Clock Round price of the round when the Bid was submitted, unless revised in the subsequent rounds with a higher Clock Round price.

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, discussed in Section 7.3.10.

At the end of each Clock Round, the Provisional Winning Bidders and Provisional Winning Prices in each service area are determined as follows:

- For each Bidder, only the highest Bid (if any) submitted by that Bidder for a block in that service area during any completed Clock Round will be considered;
- The highest Bid (if any) of each Bidder will be ranked in descending order of value and then, if necessary, according to the tie-breaking criteria detailed in Section 7.3.6;
- where  $n$  is the number of blocks available in a service area, the first  $n$  Bids in that service area according to this ranking will become Provisional Winning Bids, and the Bidders who submitted these Bids will become the Provisional Winning Bidders;
- the Provisional Winning Price in that service area will be the lowest value amongst the Provisional Winning Bids

Bidders will be able to switch Bids across service areas from one round to the next subject to certain limitations (called “Activity Rules”) detailed in Section 7.3.5. These rules require that Bidders must demonstrate sufficient bidding activity to maintain their eligibility to make Bids in subsequent rounds, otherwise their ability to make Bids in subsequent rounds will be curtailed. These Activity Requirements will be tightened in steps according to the overall amount of bidding activity in the Auction. Provisional Winning Bids cannot be switched to other service areas.

In the first Clock Round, the price per Block in each Service Area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 7.3.7) in the previous completed Clock Round. The excess demand will be determined by the total number of blocks for which the prices have been quoted, vis-a-vis the total number of blocks available for each service area for a particular Clock Round Price (which may be the same for more than one round). The following rules would be applicable:

- If Excess Demand is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- If Excess Demand is zero or positive, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment determined by the amount of Excess Demand.

If a new Clock Round is required, further Bids will be invited at the new Clock Round prices. The Clock Rounds will continue until demand can be satisfied within each and every service area. The final Clock Round will be the first round in which:

- (i) For every service area, the number of Blocks for which Bids have been submitted at the current Clock Round price is less than or equal to the number of available Blocks in that service area (i.e. Excess Demand for that service area is zero or negative); and
- (ii) The Activity Requirement has been increased to the maximum level (i.e. the Activity Requirement is set to 100%, as discussed subsequently in Section 7.3.5).

All Provisional Winning Bids at the end of the final Clock Round will become Winning Bids. The Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded the number of allocated blocks (as available) in each Service Area at the Winning Price.

### 7.3.2 Consequences of Rules for Provisional Winning Bidders

A consequence of these rules is that there may be Clock Rounds in which there are Provisional Winning Bidders with Bids at different prices. For example, consider the situation where in a hypothetical Service Area, in which there are  $n$  blocks available:

- If in a Clock Round,  $R$ , for a Service Area, there are bids received for  $N$  Blocks at the current Clock Round price and since this is equal to the total number of Blocks available, all the bidders who have submitted their bid become the Provisional Winning Bidders and this Price becomes the Provisional Winning Price, which is in fact the price of the Clock Round  $R$ ;
- In subsequent Clock Round,  $R+1$ , an increment is added to the Clock Round Price of Round  $R$ , which becomes the new Clock Round Price for  $R+1$ . At this strictly higher price, bids are received for  $m$  number of blocks, where  $m$  is strictly less than  $n$ . The Provisional Winning Bids will now consist of bids received for  $m$  blocks at the Clock Round  $R+1$  price and bids received for  $n-m$  blocks selected from amongst the Provisional Winning Bids made in Clock Round  $R$  according to the ranking criteria. Therefore, amongst the Provisional Winning Bids, there are bids for  $m$  blocks at the higher Clock Round  $R+1$  price and bids for  $n-m$  blocks at the lower Clock Round  $R$  price. The Provisional Winning Price in Clock Round  $R+1$  is the round  $R$  Clock Round price, as this is the lowest value amongst the Provisional Winning Bids.
- If  $m$  is **EQUAL TO or GREATER** than  $n$ , then the Provisional Winning Price in Clock Round  $R+1$  would be the Clock Round Price of  $R+1$ .

The number of Blocks for which a bidder can submit the bid in Clock Round  $R+1$  would be different for the Provisional Winning Bidder of a particular Service Area according to the conditions mentioned below:

- If the Clock Round Price of Current Clock Round  $R+1$ , is EQUAL to the Clock Round Price of previous Clock Round  $R$  (due to Excess Demand being Negative in Clock Round  $R$ ), the bidder can bid for the balance of the maximum permitted blocks, if available, depending on the categorization of the respective bidder.
- If the Clock Round Price of Current Clock Round  $R+1$ , is GREATER than the Clock Round Price of previous Clock Round  $R$ , (which would be due to Excess Demand being Positive in Clock Round  $R$ ), the bidder can bid for Any / ALL the Blocks depending on their respective categorization for that particular Service Area.

In the case, where a bidder ceases to be a Provisional Winning Bidder in a particular Service Area, bids can be submitted for any / all the Blocks.

### 7.3.3 Bidding during Clock Rounds

In each Clock Round, Bidders will be presented with a bidding form on their respective bidding dashboard. For each of the Service Areas in 1800MHz band, the following will be displayed on the bidding form:

- Total Earnest Money Deposit (EMD) submitted by the Bidder

- Eligibility Points
- Auction Activity Requirement
- Bidder Activity Requirement
- Name of the Service Area
- Number of Blocks available in the Service Area
- Reserve Price (in case of First Round) / Last Round Clock Price (for Subsequent Rounds) and Current Round Clock Price
- Aggregate Demand for the Clock Round Price
- Excess Demand
- Increment in Percentage
- Option selection to Bid (Yes / No)
- Selection of Number of Blocks for Bidding

On the bidding form, the bidder will have the option to select “Yes / No” against each Service Area to reflect the interest to bid in that particular Round. On selection of “Yes”, the bidder will have the option to select the Number of Blocks for that respective Service Area. The Number of Blocks available would depend on the availability of the same in a particular Service Area which could be governed by the following parameters:

- Sufficing to the total EMD deposited by the respective Bidder.
- Availability of sufficient balance Eligibility Points.
- Availability of blocks depending on whether the Bidder is a Provisional Winning Bidder for All / Some of the permitted Blocks which the bidder can bid for in that particular Service Area. This would also be related to whether the Clock Round Price of the current Round has been incremented by a certain value, as applicable, from the previous round.

*Hence, it can be concluded that a Bidder, can bid for all the permitted Blocks, depending on their respective categorization in each Service Area, whenever the Clock Round Price is increased in the subsequent round.*

All the Bidders have to submit their respective decision in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 7.3.10.

All the bids which the bidder submits would be subject to the Activity Rules described in Section 7.3.5.

Bidders are required to make a bid for at least ONE Service Area in the first Clock Round. Any Bidder who fails to do so in the first Clock Round will forfeit its deposit in its entirety.



### 7.3.4 Eligibility Points and Deposits

For the purpose of applying Activity Rules, each of the Blocks of 1.25MHz in each of the Service Areas has been assigned a specific number of Eligibility Points, based on the Reserve Point of Spectrum in that particular Service Area. The number of points associated with a block of 1.25MHz for each Service Area is listed in **Table 7-B**.

The eligibility to bid will also be defined by the EMD which the bidder will deposit and based on which the combination of Service Areas will be determined. Those bidders who have deposited the EMD within the deadline mentioned by the Government of India will only be permitted to participate in the e-auction.

The Initial Eligibility points for each bidder would be determined by the amount of their respective EMD which they have submitted to the Government. The same will be calculated by the Auction Administrator based on the EMD made by the Bidder. Specifically, the Initial Eligibility of a Bidder will equal the greatest eligibility amongst those combinations of Blocks per Service Areas that could be obtained with the EMD applied for by the Bidder.

As each bidder, who is a New Entrant, is able to bid to a maximum of 5 Blocks per Service Area, the maximum EMD which needs to be paid would be Rs. 1750.00 Crore (considering that the Bidder is a New Entrant for all the 22 Service Areas & submits the EMD for the same).

As each bidder, who is an Existing Telecom Service Provider, is able to bid to a maximum of 2 Blocks per Service Area (considering that the Bidder is an Existing Telecom Service Provider in all Service Areas), the maximum EMD which needs to be paid is Rs. 700.00 Crore.

***Please note that the permutations would change depending on the categorization of the respective bidder in each of the Service Areas. Hence, a bidder could be a New Entrant in some of the Service Areas and could be an Existing Telecom Service Provider in the other Service Areas.***

The Initial Eligibility of Bidders and the identities of Bidders participating in the Auction will be made public once the Government has determined which Applicants are pre-qualified to bid in the Auction.

Thus it would be a Combination of the EMD of the Number of Blocks in the selected Service Areas and the Eligibility Points at that particular Round which would decide the ability to submit the bid for the respective bidder.

Hence, for any level of EMD, the Initial Eligibility is the greatest level of eligibility that can be achieved with any combination of service areas satisfying the deposit requirement.

### 7.3.5 Activity Rule

In any Clock Round, Bidders will be restricted by their EMD in the combinations of Blocks for the Service Areas they may bid for. The EMD requirement associated with a Bid in a Clock Round is equal to:

- In the First Clock Round, the sum of the EMD requirements associated with the service areas where the Bidder places a Bid for a block;
- After the First Clock Round, the sum of:
  - (i) The EMD requirements associated with the Number of Blocks in those Service Areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) The EMD requirements associated with the Number of Blocks in those Service Areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

Bidders may only bid for combinations of services areas with an associated EMD requirement that does not exceed the total EMD of the Bidder. In addition to the same, in any given Clock Round, the activity of a Bidder may not exceed its eligibility in that Clock Round.

The activity of a bidder in a Clock Round is equal to:

- In the first Clock Round, the Eligibility Points associated with service areas where the Bidder places a Bid for the number of Blocks;
- After the first Clock Round, the sum of:
  - (i) The Eligibility Points associated with the number of Blocks in the Service Areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) The Eligibility Points associated with the number of Blocks in the Service Areas where the Bidder has NOT been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

For each Clock Round the Auction Administrator will announce the Auction Activity Requirement that will apply to that Clock Round. The Auction Activity Requirement is the percentage of the Bidder’s Eligibility Points that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold (rounded up to the nearest whole number) is referred to as the Bidder’s Activity Requirement in that Clock Round.

After the First Clock Round, the eligibility of each Bidder is calculated as follows:

- If the Bidder’s activity in a Clock Round  $R$  is EQUAL to or GREATER than its Activity Requirement, then the Bidder’s eligibility in the next Clock Round  $R+1$  will be equal to the Bidder’s eligibility in the Clock Round  $R$ ;
- If the Bidder’s activity in a Clock Round is LESS than the Bidder’s Activity Requirement for that Clock Round, then the eligibility of the Bidder in the next Clock Round  $R+1$

will be equal to its activity level in the Clock Round  $R$  divided by the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder's Eligibility Points in Clock Round } R+1 = \frac{\text{Activity Level in Clock Round } R}{\text{Auction Activity Requirement in Round } R}$$

To cite the same in an example, suppose that in a Clock Round  $R$ , Bidder  $x$  has an eligibility of 70 points. If the Auction Activity Requirement, as defined by the Auction Administrator for particularly Clock Round  $R$ , is 80%, the Bidder's Activity Requirement is 56 points ( $70 \times 80\%$ , which in case of decimal values has to be rounded up to the nearest whole number). Suppose that Bidder  $x$  submits a bid with an associated activity of 60 points, then, the eligibility of Bidder  $x$  in the next Clock Round  $R+1$ , would be equal to 70 points since 60 is GREATER than 56. However, suppose that Bidder  $x$  submits a bid with an associated activity of 50 points which is LESS than 56; then the eligibility of Bidder  $x$  in the Clock Round  $R+1$ , would be reduced to 63 points ( $50/80\%$  rounded down to the nearest whole number).

Bidders can view their respective Eligibility and the associated Activity Requirement in each Clock Round on their respective bidding dashboard at the start of the Clock Round. In the first Clock Round, the Auction Activity Requirement will be set at 80%. Subsequently, the Auction Activity Requirement will be increased in two steps as the Auction progresses, from 80% to 90% and then to 100%.

The timing of these steps in the Activity Requirement will be determined by the Auction Administrator depending on the extent of overall bidding activity in the Auction process. The Auction Administrator would typically expect to give notice before a round of a forthcoming increase in the Auction Activity Requirement but the same would not be binding on the Auction Administrator & the Auction Activity Requirement can be increased based on the activity in a particular round.

The Clock Rounds will end only when the Auction Activity Requirement is 100%.

### 7.3.6 Ranking of Bidders and Provisional Winning Bidders

For the purposes of determining the Provisional Winning Bidders in each Service Area, the Bids received in a Service Area will be ranked at the end of each Clock Round. This ranking process is undertaken separately for each service area.

For each Service Area, only the highest Bid submitted by each Bidder in any completed Clock Round will be considered for ranking and then ranked using the following criteria:

- Bids will be ranked in descending order according to the Clock Round Price for that Service Area in the Clock Round when the Bid was made;
- Where there is a tie according to the first criterion, tied Bids will be ranked in ascending order according to the Clock Round when the Bid was submitted for a particular Service Area (thus, Bids submitted in earlier Clock Rounds take precedence);

- Where there is a tie according to the first two criteria, tied Bids will be ranked in descending order according to the total number of Service Areas for which Bids have been submitted by the Bidder in the Clock Round when the Bid is submitted, plus the number of Service Areas where the Bidder is a Provisional Winning Bidder at the start of that Clock Round that the Bidder did not raise in that Clock Round.

*For illustration purpose, if Bidder A, who is a Provisional Winning Bidder at the start of Round 20 for the Service Areas of Bihar & Assam (i.e. 2 Service Areas), and if submits his bid for Service Areas of Karnataka, Delhi & Mumbai (i.e. 3 Service Areas) in Round 20 will have a count of 5. While Bidder B, who is a Provisional Winning Bidder at the start of Round 20 for Service Areas of Orissa, Gujarat & Assam (i.e. 3 Service Areas), and if submits the bid for Service Areas of Bihar, Karnataka & Kerala (i.e. 3 Service Areas) will have a count of 6. Hence, Bidder B will be ranked higher than Bidder A in case of a tie as per the first two criteria.*

- When there is a tie according to the first three criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

Please note that the Random Index assigned to a Bid will be determined in the Clock Round when a Bid is made.

The implications of the ranking criteria is that if two Bidders –**A** and **B**, made Bids for a certain Number of Blocks in a particular Service Area in the same Clock Round, then if these two Bidders make no further Bids, the relative ranking of their Bids in the service area will not alter. For example, if Bidder **A** was ranked higher in a particular Service Area than Bidder **B** at the end of a Clock Round, then this position will be maintained by **A** in all subsequent Rounds till **B** submits a higher bid for this particular Service Area.

Where a Service Area that has  $n$  Blocks available, the first  $n$  bids according to this ranking will be declared to be the Provisional Winning Bids for that Clock Round, and the Bidders that submitted such Bids will be declared the Provisional Winning Bidders. If the number of Blocks for which the bids received is LESS than  $n$ , such Bids for that service area, all such Bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price for a particular Service Area will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids for different Number of Blocks. In some cases, the Provisional Winning Price may be less than one or more of the Provisional Winning Bids. However, the Provisional Winning Price will never be strictly greater than any of the Provisional Winning Bids.

When the Auction ends, Provisional Winning Bidders at the end of the final Clock Round will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids.

### **7.3.7 Prices and Price Increments**

In the first Clock Round, the Clock Round price per Block in each Service Areas will be the Reserve Price as determined by the Government. The Reserve Price associated with each Service Area is shown in **Table 7-B**.

In subsequent Clock Rounds, Clock Round prices will be set equal to the previous Clock Round plus an increment that will depend on the demand for blocks. At the end of a Clock Round, Excess Demand in a service area is defined to be:

- The total number of Blocks for which Bids received in a particular Service Area at a price equal to the Clock Round price set in the last completed Clock Round; **minus**
- The number of Blocks available in that Service Area.

Hence, Excess Demand is calculated based on the number of Blocks for which bids have been made for a particular Service Area at the Clock Round price of the last completed round, regardless of whether the same was made in the last round or even prior to the last round. However, Excess Demand does not count any Bids made at a price strictly lower than the Clock Round price of the last completed round.

Clock Round Prices for the next Clock Round would be set according to the following rules:

- If Excess Demand is NEGATIVE in a Service Area, the Clock Round price for blocks in this Service Area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round;
- If Excess Demand is ZERO or POSITIVE in a Service Area, the Clock Round price for blocks in this Service Area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment.

Therefore, it can be concluded that Clock Round prices will only increase in service areas where the Provisional Winning Price at the end of the previous Clock Round is equal to the Clock Round price.

Price Increments may vary from Service Area to Service Area and will be related to the excess demand in the respective Service Areas. They will be set to no more than 10% of the Clock Round price for that service area in the last completed Clock Round. The Auction Administrator will normally follow the rule set out in the **Table 7-C**.

### **7.3.8 Winning Bids and Winning Prices**

The final Clock Round will be the first Clock Round in which:

- The Activity Requirement is 100%; and
- For every Service Area, the number of Bids at the current Clock Round price is less than or equal to the number of blocks available in that service area (i.e. Excess Demand is ZERO or NEGATIVE).

Please note that the second part of this condition for closure of the Clock Stage does not count any Provisional Winning Bids that are strictly less than the current Clock Round price in the relevant service area; only Bids equal to the current Clock Round price are counted.

The Provisional Winning Price in any particular Service Area at the end of the final Clock Round will become the Winning Price for the respective Service Area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. Winning Bidders will be required to pay the Winning Price

for the Service Area(s) they have won. The Winning Price to be paid by a Winning Bidder may be less than or equal to the Winning Bid of a Winning Bidder (but never greater than) for any particular Service Area.

As a result of these rules, Winning Price in any particular Service Area is the highest Clock Round price that maximises the number of blocks sold in that particular Service Area. Any blocks that remain unsold in a Service Area will not be awarded as part of this exercise and will be retained by the Government.

### **7.3.9 Top-up Facility**

There is a provision for top-up up to 3 blocks of 1.25MHz each (3.75MHz) so as to make a minimum allocation of Four Blocks in the case of a new entrant. This will be applicable for each Clock Round and subject to a top-up of a maximum of Three Blocks for each Service Area. As per the Auction Rules, if he is deemed to be a Provisional Winning Bidder for  $n$  number of Blocks (where  $n$  is GREATER than Zero but LESS than FOUR) due to Excess Demand in that Service Area, in which case the Blocks allocated at the end of this particular Clock Round for this bidder would be topped up with an additional  $4-n$  Blocks. This will ensure that a New Entrant, if happens to be a Provisional Winning Bidder, will be allotted a minimum of 4 Blocks for that particular Service Area. Please note that the top-up facility will be activated only for New Entrants and for those Service Areas where the Bidder (New entrant) is a Provisional Winning Bidder.

Please note that the Number of Blocks available for topping up may vary from Service Area to Service Area.

### **7.3.10 Length of Clock Rounds and Extension Periods**

Clock Rounds will typically only be scheduled to begin between the hours of 09.30 and 19.00 hours (Indian Standard Time) on Monday through Saturday, except national holidays. However, the Auction Administrator reserves the right not to schedule Clock Rounds on one or more days, to extend the number of hours in the day during which rounds will be scheduled or to run rounds on any day once the Auction commences at its absolute discretion in order to ensure the smooth running of the Auction. Where the use of any of these facilities is to be exercised, advance notice, through the EAS, will be provided to Bidders.

Prior to the start of any Clock Round, the Auction Administrator will notify Bidders of the starting and finishing times of the next Clock Round through the EAS. At least 15 minutes notice will be given of the start of the next Clock Round.

Also, Bidders will be notified in advance of the starting time and date of the first Clock Round.

A Clock Round will be for a minimum duration of 30 minutes. The auction will go to the extension mode as per the bids which are submitted by the bidder.

During the Clock Round, the Bidders can enter the following parameters in the EAS:

- Selection of Service Areas – “Yes / No”, depending on whether the bidder is interested to submit his bid for a particular Service Area.

- Number of Blocks – Depending on whether the Bidder is a New Entrant or an Existing Telecom Provider, bid can be submitted to a minimum of 4 and a maximum of 5 for a New Entrant and a minimum of 1 and a maximum of 2 for an Existing Telecom Provider respectively.

Based on the selection of Service Areas and the Number of Blocks for the selected Service Areas, the EAS will check & display the following to the respective bidder:

- If the bid is compatible with the EMD which the bidder has submitted for participation in the e-auction.
- Additionally, the bid has to be compatible with the requirements of the Activity Rules.
- The Bidder's eligibility for the Next Round would also be calculated by the System & displayed to the bidder's on their respective bidding dashboard. In the case where the Bidder's eligibility is reduced due to the combination of Number of Blocks opted for the selected Service Areas, a warning message will be displayed on the respective bidder's screen. The bidder at this point of time will have the option to go back & modify the bids.

Only those bids which are compatible with all the rules of the e-auction will be accepted by EAS. The respective bidder's will be given an appropriate message of acceptance of their bids by the EAS.

***It would be the respective bidder's responsibility to ensure that their bids are received by EAS prior to the end of the Clock Round. For the purposes of determining whether or not a Bid is received prior to the end of the Clock Round, the EAS must receive the Bid submission by the end of the Clock Round. Bidders should be aware that it takes a finite amount of time to transmit a Bid across the Internet and for the EAS to respond which could be as a result of various factors but not limiting only to the speed of the Internet bandwidth at the Bidder's terminal. Bidders submitting decisions close to the end of the Clock Round do so entirely at their own risk of failing to meet the Clock Round deadline due to network delays or delays in response by the EAS. Bids are not processed by the EAS until the Clock Round is closed and no tactical or strategic advantage is conferred by submitting Bids late within the Clock Round.***

After the end of a Clock Round, the results would be announced for the bids received for each of the Service Areas. If there is Excess Demand for blocks in any service area and a further Clock Round is required, this Clock Round will be scheduled and the start and finish times announced to Bidders through the EAS subject to at least 15 minutes notice of the start of the next Clock Round.

To guard against technical problems and provide Bidders with some additional flexibility in making bidding decisions, Bidders are provided with limited opportunities to extend a Clock Round and defer submission of a Bid. Each Bidder is allocated an Extension Budget to the tune of maximum of 4 hours.

In the event that a Bidder fails to submit a valid Bid by the end of the initial finishing time of a Clock Round (and has at least 10 minutes remaining in its Extension. Budget), 10 minutes

will be subtracted from its Extension Budget and the finishing time of the Clock Round will be deferred by 10 minutes for that Bidder. In the event that the Bidder fails to submit a valid Bid by the revised deadline (and has at least 10 minutes remaining in its Extension Budget), a further 10 minutes will be subtracted from its Extension Budget and the finishing time deferred by a further 10 minutes for that Bidder. A Bidder may defer the original scheduled finishing time of any one Clock Round by at most 60 minutes in this way.

The bidders are requested to note that it is necessary & mandatory for the respective bidders to check & submit a bid, even if the respective bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round. In case of a bidder failing to do so within the initial finishing Clock Round, the extension would be triggered & the same would be deducted from the Total Extension Budget available to the respective bidder. Further, even if the bidder happens to be in a position such that neither any New Bids could be made nor the Provisional Winning Bids could be raised because of any of the two reasons as given below:

- (i) The Bidder holds the Provisional Winning Bids (in the maximum Blocks as per the Categorization) equal to the Current Round Price; and
- (ii) The total Eligibility points is equal to the activity associated with the these Provisional Winning Bids

It will still be necessary for the bidder to submit the “No” decision into the EAS to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 60 minutes or if the Bidder’s Extension Budget is exhausted, no further deferral of the Clock Round finishing time will be possible. In this case, if no Bid submission is logged by the EAS prior to the end of the Clock Round; the EAS will proceed as if the relevant Bidder entered no New Bids and did not increase any Provisional Winning Bid. As a consequence, the Bidder’s eligibility in the following Clock Round will be calculated based on the eligibility linked to its Provisional Winning Bids at the end of the previous Clock Round and the Auction Activity Requirement in the current round. It could also happen that the bidder is not able to participate further in subsequent Clock Rounds due to non-availability of sufficient Eligibility points as a result of this non-submission of bid.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. Please note that in case of any particular Bidder triggering an extension does not remove the requirement on other Bidders to submit Bids by the original deadline or to have their Extension Budget reduced if they have also failed to submit their Bids within the stipulated time. In particular, if more than one Bidder has failed to submit a decision by the original finishing time of a Clock Round, all such Bidders will either have the number of minutes deducted from their Extension Budgets or (if they have exhausted their Extension Budget) deemed to have made no further Bids in the current round. Bidders that have already checked and submitted a decision prior to the original finishing time of the Clock Round will not be able to revise or modify their decision during an extension period.



A Clock Round, which is into the extension period, may close prior to the finishing time of an extension period if the EAS has received Bids from all Bidders. The bidders are requested to note that this provision does not apply within a normal Clock Round that has not been extended; Clock Rounds will not close prior to the scheduled finishing time even if the EAS has received Bids from all Bidders.

The minimum time between the ending of One Clock Round and the start of the Next Clock Round will be 20 minutes. The same would be announced to Bidders through the EAS subject to at least 15 minutes notice before the start of the next Clock Round.

In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:

- Re-schedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started;
- Re-schedule the finishing time of a Clock Round in progress;
- Cancel a Clock Round in progress and re-run it;
- Grant one or more Bidders additional Extension Budget.

The Auction Administrator will not grant any additional Extension Budget to one or more Bidders unless there is compelling evidence of technical failures affecting multiple bidders.

### **7.4 Frequency Identification Stage**

It may be noted that the Government is validating the frequency available across circles for the auction. Final details of the frequencies to be auctioned will be notified in the Notice.

### **7.5 Information Policy**

Prior to the start of the Auction, the Government will make public:

- A list of pre-qualified Bidders;
- The information provided in these Bidders' applications about their ownership structures;
- The amount of EMD provided by the Bidder; and
- The number of Initial Eligibility points granted to each Bidder as a result of its EMD.

During the Clock Round Stage, the following information will be provided to Bidders after each completed Clock Round:

- The Clock Round price per Block in each Service Area in the last completed Clock Round;
- The total number of Bids received for the Number of Blocks in each Service Area in the last completed Clock Round;
- The Aggregate Demand in each Service Area at the Clock Round prices in the last completed Clock Round (i.e. for each Service Area, the total number of Bids for the Number of Blocks in the Service Area at a value equal to the Clock Round price in the last completed Clock Round); and

- The Excess Demand in each Service Area at the Clock Round prices in the last completed Clock Round (i.e. for each Service Area, Aggregate demand less the number of blocks available in the Service Area).

If the last completed Clock Round was not the final Clock Round, the following information will also be provided to each Bidder:

- The Provisional Winning Price in each Service Area at the end of the last completed Clock Round;
- The Provisional Winning Blocks (if any) held by the respective Bidder in each Service Area(s) at the end of the last completed Clock Round;
- The price at which any such Provisional Winning Blocks held by that Bidder were made;
- The ranking of any such Provisional Winning Blocks held by that Bidder amongst all the Provisional Winning Blocks within the relevant Service Area(s) at the end of last completed Clock Round;
- Total number of Eligibility Points available to the particular Bidder for the next Clock Round.

If the last completed Clock Round was not the final Clock Round, the following information will be provided to each Bidder at the time at which the next Clock Round is scheduled on their respective bidding dashboard:

- The price increment to be applied in each service area; and
- The Clock Round price per Block in each Service Area that will apply for the next Clock Round.

At the end of the final Clock Round, the following information will be provided to all Bidders:

- That the last completed Clock Round was the final Clock Round;
- The Winning Prices; and
- The Winning Bids and the identities of the Winning Bidders.

Information relating to the specific Bids made by Bidders (whether successful or not) in each service area will not be provided at the end of each Clock Round (other than the information provided about the Winning Bids after the final Clock Round), but will be made public in their entirety subsequently after the Frequency Identification Stage.

### **7.6 Collusion and other Prohibited Activities**

The Government of India reserves the right to disqualify any Bidder that:

- Colludes or attempts to collude with another Bidder in determining its Bids during the Auction;
- Releases Confidential Information with the effect or intention of modifying the bidding behaviour of other pre-qualified Bidders;

- Breaches or attempts to breach the secure measures within the EAS;
- Prevents or attempts to prevent any other Bidder (or other users of the EAS) from accessing the EAS;
- Attempts to influence the decisions of the Auctioneer in conducting the Auction;
- Obstructs or attempts to obstruct the running of the Auction;
- Provides inaccurate information in its Application to participate in the Auction.

In the event of such disqualification, a Bidder's EMD will be forfeited and the Government may undertake other penal action as well against such a Bidder.

The Government reserves the right to impose a fine equal to some or all of a Bidder's deposit for less serious breaches of these rules. Such fines shall be deducted from that Bidder's EMD.

<b>Table 7-A: Availability of Spectrum for Auction in 1800MHz band</b>			
<b>S.No.</b>	<b>Service Area</b>	<b>No. of blocks of 1.25MHz (paired) with provision of Guard Band</b>	<b>No. of 1.25MHz (paired) blocks (max. upto 3 Nos.) wherever available after reserving spectrum for refarming against allocation in 900MHz band for the licenses expiring during 2014 to 2016</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
1	Delhi***	8	NIL
2	Mumbai***	8	NIL
3	Kolkata	8	3
4	Maharashtra	8	2
5	Gujarat	8	NIL
6	Andhra Pradesh	8	3
7	Karnataka	8	3
8	Tamil Nadu	8	3
9	Kerala	8	3
10	Punjab***	8	NIL
11	Haryana	8	2
12	Uttar Pradesh (West)***	8	2
13	Uttar Pradesh (East)***	8	NIL
14	Rajasthan*	8	NIL
15	Madhya Pradesh	8	3
16	West Bengal***	8	3
17	Himachal Pradesh**	8	NIL
18	Bihar**	8	2
19	Orissa	8	3
20	Assam**	8	3
21	North East	8	3
22	Jammu & Kashmir	8	3

\* Spectrum not available in 11 districts namely Bikaner, Barmer, Bharatpur, Dausa, Ganganagar, Hanumangarh, Jodhpur, Jaipur, Jaisalmer, Jalore & Sirohi

\*\* One contiguous 5MHz (4 x 1.25MHz) slot is partially available

\*\*\*One contiguous 5MHz (4 x 1.25MHz) slot is not available

## Auction of Spectrum in 1800MHz and 800MHz Bands – Information Memorandum

Table 7-B		Service Areas, Reserve Price, Deposits required and Eligibility Points for e-auction of Spectrum in 1800MHz Band.			
Sl. No.	Name of Telecom Circle / Metro Service Area	Areas Covered	Reserve Price per Block per Service Area (Rs. Crore)	Required Deposit per Block per Service Area (Rs. Crore)	Eligibility Points per Block
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	25.84	8.50	8
2.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	286.91	35.25	42
3.	Assam	Entire area falling within the State of Assam.	8.67	2.75	3
4.	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No. 30 of 2000) dated 25 <sup>th</sup> August, 2000.	42.51	8.50	8
5.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	224.84	35.25	42
6.	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	46.52	8.50	8
7.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	7.78	2.75	3
8.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	6.33	2.75	3
9.	Karnataka	Entire area falling within the State of Karnataka.	330.12	35.25	42

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10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	65.30	12.00	13
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Re-organization Act, 2000 (No. 28 of 2000) dated 25 <sup>th</sup> August, 2000.	53.99	12.00	13
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	262.81	29.00	42
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	8.84	2.75	3
14.	Orissa	Entire area falling within the State of Orissa.	20.27	8.50	8
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.	67.28	9.00	13
16.	Rajasthan	Entire area falling within the State of Rajasthan.	67.08	12.00	13
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.	306.09	35.25	42
18.	Uttar Pradesh (West)	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh: Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include	107.41	12.00	13

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		the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.			
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	76.17	12.00	13
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.	693.06	68.50	85
21.	Kolkata	Local Areas served by Calcutta Telephones.	113.72	12.00	13
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.	678.45	68.50	85

**Note:**

- Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom Circle in East Godavari LDCA.
- The definition of local areas of exchanges will be as applicable to the existing cellular operators, i.e. at the time of grant of cellular Licences in Metro Cities.
- The definition of local areas with regard to the above service area as applicable to this licence is as per definition applicable to Cellular Mobile Service Licences as in the year 1994 & 1995, when those Licences were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule 2(w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.



**Table 7-C – Proportionate Price Increment rule for e-auction of Spectrum in 1800MHz Band.**

Excess Demand		Price Increment as a Percentage of previous Clock Round Price
Less than ZERO (Negative)		0%
0		1%
1		1%
2		5%
3 or more		10%
<p><b>** The Price Increment calculated for a Service Area will always be capped by the following maximum absolute price increments for each Service Area.</b></p>		
Sl. No.	Service Area	Maximum Price Increment per Block per Round (In Rs. Crore)
1.	West Bengal	8.50
2.	Andhra Pradesh	35.25
3.	Assam	2.75
4.	Bihar	8.50
5.	Gujarat	35.25
6.	Haryana	8.50
7.	Himachal Pradesh	2.75
8.	Jammu & Kashmir	2.75
9.	Karnataka	35.25
10.	Kerala	12.00
11.	Madhya Pradesh	12.00
12.	Maharashtra	29.00
13.	North East	2.75
14.	Orissa	8.50
15.	Punjab	9.00
16.	Rajasthan	12.00

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17.	Tamil Nadu	35.25
18.	Uttar Pradesh (West)	12.00
19.	Uttar Pradesh (East)	12.00
20.	Delhi	68.50
21.	Kolkata	12.00
22.	Mumbai	68.50
<b>** All price increments will be in Rs. Crore, rounded down to two decimal places. Therefore, throughout the Auction all prices will be in Rs. Crore with at most two decimal places.</b>		

***Earnest Money Deposits and Associated Eligibility Points for e-auction of Spectrum in 1800MHz Band will be detailed in the NIA.***

## **8 The 800MHz Auction – Auction Rules**

### **8.1 Conduct of the Auction**

The e-auction (online auction) will be conducted over the internet using the web browsing software, IE 9.x or Mozilla 13.x wherein only the pre-qualified bidders will be allowed to participate.

The bidders will have to procure a Class-III Digital Signature Certificate (DSC) for signing & encryption issued by any valid Certifying Authority (approved by Controller of Certifying Authorities) in India which is mandatory for accessing the Electronic Auction System (EAS). The details of the licensed Certifying Authorities (CA) are available on [www.cca.gov.in](http://www.cca.gov.in) wherein the details have been mentioned. It would be the respective bidder's responsibility to acquire such DSCs in the name of their authorized signatories for participation in the e-auction. The bidders also need to ensure that they acquire the DSCs before the mock auction which will be conducted as per the timelines set by the Government.

Bidders would also be provided with a detailed manual (EAS manual) explaining on how to use the Electronic Auction System.

It would be respective bidders' responsibility to take reasonable steps to ensure that they have a reliable means of accessing the EAS and appropriate backup facilities. The Auction Rules provide contingency measures to deal with failure of the EAS, Internet connectivity problems and power failures.

### **8.2 Overview of the Auction Stages**

In 800MHz band, Three (3) Blocks of 1.25MHz (paired) will be put for auction, though spectrum will be in all Service Areas (SAs). In addition to the same, a provision would also be made to meet the requirements of New Entrants for Spectrum of an additional One (1) Block of 1.25MHz for topping up the 3 Blocks of spectrum, if such an exigency arises i.e. in such cases a total of 4 blocks each of 1.25MHz for each Service Areas. The number of Blocks available for topping up would vary for each Service Areas and is given in the Table 8-A. Hence, a New Entrant, who has been allocated the number of blocks (LESS than 2), will be topped up with an additional block so as to suffice the minimum requirement of 2 blocks in a particular service area. Please note that there would be no topping up in those service areas where the new entrant bidder has not been allocated any Block. The same is explained in Section 8.3.9. The number of blocks available for topping up may vary for each Service Area.

The bidders will be permitted a minimum bidding & allocation of the blocks depending upon their respective categorization i.e. New Entrant or Existing Telecom Operator. Hence a New Entrant will be required to bid for a minimum of 2 Blocks with a permission to bid for 1 additional block of 1.25MHz while an Existing Telecom Operator will have the permission to submit the bid for 1 Block of 1.25MHz during the e-auction.

The award & allocation & of the Spectrum will be done using Simultaneous Multiple Rounds Ascending (SMRA) e-auction which is as mentioned herein below:

- a) **Clock Stage:** This Stage will establish the number of block(s) to be awarded to the Bidders in each of the service areas. In this stage, in each Service Area in the 800MHz band, Bidders will bid as per their respective permissible limit to bid for the number of blocks depending on their categorization. The Clock Stage will consist of a number of rounds. These rounds will stop in the case of the following conditions:
- (i) For every Service Area, the number of bids at the prices set in the last completed Clock Round is less than or equal to the number of blocks available for all Service Areas; and
  - (ii) There are no opportunities for Bidders to increase their demand allowed by the Activity Rules.

This will establish a common Winning Price for all blocks within a Service Area, and the Winning Bidders in each Service Area.

The precise conditions of all the factors governing the Clock Stage are mentioned subsequently in Section 8.3.

The Government reserves the right to change this allocation at any point during the licence period, if required, for harmonising bands and promoting spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for service areas in which they are assigned a block. All Winning Bidders in a service area will have equal Winning Prices as a consequence of the Auction Rules.

### 8.3 The Clock Stage

#### 8.3.1 Overview

In the Clock Stage, simultaneous bidding would be conducted for blocks across all the Service Areas in 800MHz Band as mentioned in **Table 8-B**. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the Service Areas according to the detailed bidding rules described below:

In each Clock Round, the Clock Round Price per Block for each of the Service Areas for that respective round will be displayed to the Bidders on their respective bidding dashboard. Bidders will be able to bid depending on their respective categorization as a New Entrant or an Existing Telecom Service Provider. Therefore, in each Clock Round, a Bidder's decisions will consist of the following two options:

- (i) a choice of Yes / No for each of the 2G Service Areas whether to make a Bid at a price equal to the current Clock Round price for that area; and
- (ii) if the option of "Yes" is selected, then a choice of number of Blocks for which the bid is to be submitted has to be selected. The number of Blocks will be a drop down option depending on the Categorization of the respective Bidder for each of the Service Areas.

By bidding on a service area, if that Bid becomes a Winning Bid, the Bidder commits to buy a block in that service area at a price not greater than the Clock Round price of the round

when the Bid was submitted, unless revised in the subsequent rounds with a higher Clock Round price.

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, specified in Section 8.3.10.

Bidders will be able to switch Bids across service areas from one round to the next subject to certain limitations (called “Activity Rules”) detailed in Section 8.3.5. These rules require that Bidders must demonstrate sufficient bidding activity to maintain their eligibility to make Bids in subsequent rounds, otherwise their ability to make Bids in subsequent rounds will be reduced / curtailed. These Activity Requirements will be tightened in steps according to the overall amount of bidding activity in the Auction. Provisional Winning Bids cannot be switched to other service areas.

In the first Clock Round, the price per Block in each Service Area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 8.3.7) in the previous completed Clock Round. The excess demand will be defined on the total number of blocks for which the prices have been quoted against the total number of blocks available for each Service Areas. The following parameters would be applicable:

- If Excess Demand is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- If Excess Demand is zero or positive, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment determined by the amount of Excess Demand.

If a new Clock Round is required, further Bids will be invited at the new Clock Round prices. The Clock Rounds will continue until demand can be satisfied within each and every service area. The final Clock Round will be the first round in which:

- (iii) For every service area, the number of Blocks for which Bids have been submitted at the current Clock Round price is less than or equal to the number of available Blocks in that service area (i.e. Excess Demand for that service area is zero or negative); and
- (iv) The Activity Requirement has been increased to the maximum level (i.e. the Activity Requirement is set to 100%, as discussed subsequently in Section 8.3.5).

All Provisional Winning Bids at the end of the final Clock Round will become Winning Bids. The Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded the number of allocated blocks (as available) in each Service Area at the Winning Price.

### **8.3.2 Consequences of Rules for Provisional Winning Bidders**

A consequence of these rules is that there may be Clock Rounds in which there are Provisional Winning Bidders with Bids at different prices. To illustrate the same further as an example, consider the situation where in a Service Area, there are a total of **N** blocks available. In such a case, following scenarios can be applicable:

- If in a Clock Round,  $R$ , for a Service Area, there are bids received for  $N$  Blocks at the current Clock Round price and since this is equal to the total number of Blocks available, all the bidders who have submitted their bid become the Provisional Winning Bidders and this Price becomes the Provisional Winning Price, which is in fact the price of the Clock Round  $R$ ;
- In subsequent Clock Round,  $R+1$ , an increment is added to the Clock Round Price of Round  $R$ , which becomes the new Clock Round Price for  $R+1$ . Considering that there are bids received for  $M$  Blocks in this particular Round, i.e.  $R+1$ , where  $M$  is LESS than  $N$ , then in this case, the Provisional Winning Bids will be different for  $M$  Blocks (which will be the Current Clock Round ( $R+1$ ) Price) and  $N-M$  Blocks (which will be the Clock Round Price of the Previous Round ( $R$ )). Hence, the Provisional Winning Bids for  $M$  Blocks would be at a Higher Price of Clock Round  $R+1$  and  $N-M$  Blocks would be at a Lower Price of Clock Round  $R$ .

The Provisional Winning Price in Clock Round,  $R+1$ , would be the Clock Round Price of Round  $R$  since this is the lowest value among the Provisional Winning Bids.

- If  $M$  is EQUAL TO or GREATER than  $N$ , then the Provisional Winning Price in Clock Round,  $R+1$ , would be the Clock Round Price of  $R+1$ .

The number of Blocks for which a bidder can submit the bid in Clock Round,  $R+1$ , would be different for the Provisional Winning Bidder of a particular Service Area for conditions as mentioned below:

- If the Clock Round Price of Current Clock Round,  $R+1$ , is EQUAL to the Clock Round Price of previous Clock Round,  $R$ , (which would be due to Excess Demand being Negative in Clock Round,  $R$ ), the bidder can bid for the balance of the maximum permitted blocks, if available, depending on the categorization of the respective bidder.
- If the Clock Round Price of Current Clock Round,  $R+1$ , is GREATER than the Clock Round Price of previous Clock Round,  $R$ , (which would be due to Excess Demand being Positive in Clock Round,  $R$ ), the bidder can bid for Any / ALL the Blocks depending on their respective categorization for that particular Service Area.

In the case, where a bidder ceases to be a Provisional Winning Bidder in a particular Service Area, bids can be submitted for Any / All the Blocks.

### 8.3.3 Bidding during Clock Rounds

In each Clock Round, Bidders will be presented with a bidding form on their respective bidding dashboard. For each of the Service Areas in 800MHz band, the following will be displayed on the bidding form:

- Total EMD submitted by the Bidder
- Eligibility Points
- Auction Activity Requirement
- Bidder Activity Requirement (for Subsequent Round)

- Name of the Service Area
- Number of Blocks available in the Service Area
- Reserve Price (in case of First Round) / Last Round Clock Price (for Subsequent Rounds) and Current Round Clock Price
- Aggregate Demand in Last Clock Round
- Increment in Percentage
- Option selection to Bid (Yes / No)
- Selection of Number of Blocks for Bidding

On the bidding form, the bidder will have the option to select “Yes / No” against each Service Area to reflect the interest to bid in that particular Round. On selection of “Yes”, the bidder will have the option to select the Number of Blocks for that respective Service Area. The Number of Blocks available would depend on the availability of the same in a particular Service Area which could be governed by the following parameters:

- Sufficing to the total EMD deposited by the respective Bidder.
- Availability of sufficient balance Eligibility Points.
- Availability of blocks depending on whether the Bidder is a Provisional Winning Bidder for All / Some of the permitted Blocks which the bidder can bid for in that particular Service Area. This would also be related to whether the Clock Round Price of the current Round has been incremented by a certain value, as applicable, from the previous round.

*Hence, it can be concluded that a Bidder, can bid for all the permitted Blocks, depending on their respective categorization in each Service Area, whenever the Clock Round Price is increased in the subsequent round.*

All the Bidders have to submit their respective decision in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 8.3.10.

All the bids which the bidder submits would be subject to the Activity Rules described in Section 8.3.5.

Bidders are required to make a bid for at least ONE Service Area in the first Clock Round. Any Bidder who fails to do so in the first Clock Round will forfeit its deposit in its entirety.

### **8.3.4 Eligibility Points and Deposits**

For the purpose of applying Activity Rules, each of the Blocks of 1.25MHz in each of the Service Areas has been assigned a specific number of Eligibility Points, based on the Reserve Point of Spectrum in that particular Service Area. The number of points associated with a block of 1.25MHz for each Service Area is listed in **Table 8-C**.

The eligibility to bid will also be defined by the Earnest Money Deposit which the bidder will deposit and based on which the combination of Service Areas will be determined. Those bidders who have deposited the Earnest Money Deposit within the deadline mentioned by the Government of India will only be permitted to participate in the e-auction.

The Initial Eligibility points for each bidder would be determined by the amount of their respective Earnest Money Deposit which they have submitted to the Government. The same will be calculated by the Auction Administrator based on the Earnest Money Deposit made by the Bidder. Specifically, the Initial Eligibility of a Bidder will equal the greatest eligibility amongst those combinations of Blocks per Service Areas that could be obtained with the Earnest Money Deposit applied for by the Bidder.

As each bidder, who is a New Entrant, is able to bid to a maximum of 3 Blocks per Service Area (considering that the Bidder is a New Entrant in all Service Areas), the maximum Earnest Money Deposit which needs to be paid would be Rs. 1726.50 Crore (considering that the Bidder is a New Entrant for all the 22 Service Areas & submits the EMD for the same).

As each bidder, who is an Existing Telecom Service Provider, is able to bid for 1 Block per Service Area (considering that the Bidder is an Existing Telecom Service Provider in all Service Areas), the maximum Earnest Money Deposit which needs to be paid is Rs. 575.50 Crore.

***Please note that the permutations would change depending on the categorization of the respective bidder in each of the Service Areas. Hence, a bidder could be a New Entrant in some of the Service Areas and could be an Existing Telecom Service Provider in the other Service Areas.***

The Initial Eligibility of Bidders and the identities of Bidders participating in the Auction will be made public once the Government has determined which Applicants are pre-qualified to bid in the Auction.

Thus it would be a Combination of the Earnest Money Deposit of the Number of Blocks in the selected Service Areas and the Eligibility Points at that particular Round which would decide the ability to submit the bid for the respective bidder.

Hence, for any level of Earnest Money Deposit, the Initial Eligibility is the greatest level of eligibility that can be achieved with any combination of service areas satisfying the deposit requirement.

### **8.3.5 Activity Rule**

In any Clock Round, Bidders will be restricted by their Earnest Money Deposits in the combinations of Blocks for the Service Areas they may bid for. The Earnest Money Deposit requirement associated with a Bid in a Clock Round is equal to:

- In the First Clock Round, the sum of the Earnest Money Deposit requirements associated with the service areas where the Bidder places a Bid for a block;
- After the First Clock Round, the sum of:



- (iii) The Earnest Money Deposit requirements associated with the Number of Blocks in those Service Areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
- (iv) The Earnest Money Deposit requirements associated with the Number of Blocks in those Service Areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

Bidders may only bid for combinations of services areas with an associated Earnest Money Deposit requirement that does not exceed the total Earnest Money Deposit of the Bidder. In addition to the same, in any given Clock Round, the activity of a Bidder may not exceed its eligibility in that Clock Round.

The activity of a bidder in a Clock Round is equal to:

- In the first Clock Round, the Eligibility Points associated with service areas where the Bidder places a Bid for the number of Blocks;
- After the first Clock Round, the sum of:
  - (iii) The Eligibility Points associated with the number of Blocks in the Service Areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (iv) The Eligibility Points associated with the number of Blocks in the Service Areas where the Bidder has NOT been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

For each Clock Round the Auction Administrator will announce the Auction Activity Requirement that will apply to that Clock Round. The Auction Activity Requirement is the percentage of the Bidder’s Eligibility Points that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold (rounded up to the nearest whole number) is referred to as the Bidder’s Activity Requirement in that Clock Round.

After the First Clock Round, the eligibility of each Bidder is calculated as follows:

- If the Bidder’s activity in a Clock Round is EQUAL to or GREATER than its Activity Requirement, then the Bidder’s eligibility in the next Clock Round (R+1) will be equal to the Bidder’s eligibility in the current Clock Round;
- If the Bidder’s activity in a Clock Round is LESS than the Bidder’s Activity Requirement for that Clock Round, then the eligibility of the Bidder in the next Clock Round (R+1) will be equal to its activity level in the current Clock Round divided by the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder's Eligibility Points in Clock Round (R+1)} = \frac{\text{Activity Level in Clock Round R}}{\text{Auction Activity Requirement in Round R}}$$

To cite the same in an example, suppose that in a Clock Round “R”, Bidder “X” has an eligibility of 70 points. If the Auction Activity Requirement, as defined by the Auction Administrator for this particular Clock Round, “R”, is 80%, the Bidder’s Activity Requirement is 56 points (70x80%, which in case of decimal values has to be rounded up to the nearest whole number). Suppose that Bidder “X” submits a bid with an associated activity of 60 points, then, the eligibility of Bidder “X” in the next Clock Round, “R+1”, would be equal to 70 points since 60 is GREATER than 56. However, suppose that Bidder “X” submits a bid with an associated activity of 50 points which is LESS than 56; then the eligibility of Bidder “X” in the next Clock Round, “R+1”, would be reduced to 63 points (50/80% rounded down to the nearest whole number).

Bidders can view their respective Eligibility and the associated Activity Requirement in each Clock Round on their respective bidding dashboard at the start of the Clock Round. In the first Clock Round, the Auction Activity Requirement will be set at 80%. Subsequently, the Auction Activity Requirement will be increased in two steps as the Auction progresses, from 80% to 90% and then to 100%.

The timing of these steps in the Activity Requirement will be determined by the Auction Administrator depending on the extent of overall bidding activity in the Auction process. The Auction Administrator would typically expect to give notice before a round of a forthcoming increase in the Auction Activity Requirement but the same would not be binding on the Auction Administrator & the Auction Activity Requirement can be increased based on the activity in a particular round.

The Clock Rounds will end only when the Auction Activity Requirement is 100%.

### **8.3.6 Ranking of Bidders and Provisional Winning Bidders**

For the purposes of determining the Provisional Winning Bidders in each Service Area, the Bids received in a Service Area will be ranked at the end of each Clock Round. This ranking process is undertaken separately for each service area.

For each Service Area, only the highest Bid submitted by each Bidder in any completed Clock Round will be considered for ranking and then ranked using the following criteria:

- Bids will be ranked in descending order according to the Clock Round Price for that Service Area in the Clock Round when the Bid was made;
- When there is a tie according to the first criterion, tied Bids will be ranked in ascending order according to the Clock Round when the Bid was submitted for a particular Service Area (thus, Bids submitted in earlier Clock Rounds take precedence);

- Where there is a tie according to the first two criteria, tied Bids will be ranked in descending order according to the total number of Service Areas for which Bids have been submitted by the Bidder in the Clock Round when the Bid is submitted, plus the number of Service Areas where the Bidder is a Provisional Winning Bidder at the start of that Clock Round that the Bidder did not raise in that Clock Round.

*For illustration purpose, if Bidder A, who is a Provisional Winning Bidder at the start of Round 20 for the Service Areas of Bihar & Assam (i.e. 2 Service Areas), and if submits his bid for Service Areas of Karnataka, Delhi & Mumbai (i.e. 3 Service Areas) in Round 20 will have a count of 5. While Bidder B, who is a Provisional Winning Bidder at the start of Round 20 for Service Areas of Orissa, Gujarat & Assam (i.e. 3 Service Areas), and if submits the bid for Service Areas of Bihar, Karnataka & Kerala (i.e. 3 Service Areas) will have a count of 6. Hence, Bidder B will be ranked higher than Bidder A in case of a tie as per the first two criteria*

- When there is a tie according to the first three criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

Please note that the Random Index assigned to a Bid will be determined in the Clock Round when a Bid is made.

The implications of the ranking criteria is that if two Bidders – **A** and **B**, made Bids for a certain Number of Blocks in a particular Service Area in the same Clock Round, then if these two Bidders make no further Bids, the relative ranking of their Bids in the service area will not alter. For example, if Bidder **A** was ranked higher in a particular Service Area than Bidder **B** at the end of a Clock Round, then this position will be maintained by **A** in all subsequent Rounds till **B** submits a higher bid for this particular Service Area.

Where a Service Area that has **N** Blocks available, the first **N** bids according to this ranking will be declared to be the Provisional Winning Bids for that Clock Round, and the Bidders that submitted such Bids will be declared the Provisional Winning Bidders. If the number of Blocks for which the bids received is LESS than **N**, such Bids for that service area, all such Bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price for a particular Service Area will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids for different Number of Blocks. In some cases, the Provisional Winning Price may be less than one or more of the Provisional Winning Bids. However, the Provisional Winning Price will never be strictly greater than any of the Provisional Winning Bids.

When the Auction ends, Provisional Winning Bidders at the end of the final Clock Round will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids.

### 8.3.7 Prices and Price Increments

In the first Clock Round, the Clock Round price per Block in each Service Area will be the Reserve Price as determined by the Government. The Reserve Price associated with each Service Area is shown in **Table 8-B**.

In subsequent Clock Rounds, Clock Round prices will be set equal to the previous Clock Round plus an increment that will depend on the demand for blocks. At the end of a Clock Round, Excess Demand in a service area is defined to be:

- The total number of Blocks for which Bids received in a particular Service Area at a price equal to the Clock Round price set in the last completed Clock Round; **minus**
- The number of Blocks available in that Service Area.

Hence, Excess Demand is calculated based on the number of Blocks for which bids have been made for a particular Service Area at the Clock Round price of the last completed round, regardless of whether the same was made in the last round or even prior to the last round. However, Excess Demand does not count any Bids made at a price strictly lower than the Clock Round price of the last completed round.

Clock Round Prices for the next Clock Round would be set according to the following rules:

- If Excess Demand is NEGATIVE in a Service Area, the Clock Round price for blocks in this Service Area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round;
- If Excess Demand is ZERO or POSITIVE in a Service Area, the Clock Round price for blocks in this Service Area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment.

Therefore, it can be concluded that Clock Round prices will only increase in service areas where the Provisional Winning Price at the end of the previous Clock Round is equal to the Clock Round price.

Price Increments may vary from Service Area to Service Area and will be related to the excess demand in the respective Service Areas. They will be set to no more than 10% of the Clock Round price for that service area in the last completed Clock Round. The Auction Administrator will normally follow the rule set out in the **Table 8-C**.

### 8.3.8 Winning Bids and Winning Prices

The final Clock Round will be the first Clock Round in which:

- The Activity Requirement is 100%; and
- For each Service Area, the number of Bids at the current Clock Round price is less than or equal to the number of blocks available in that service area (i.e. Excess Demand is ZERO or NEGATIVE).

Please note that the second part of this condition for closure of the Clock Stage does not count any Provisional Winning Bids that are strictly less than the current Clock Round price in the relevant service area; only Bids equal to the current Clock Round price are counted.

The Provisional Winning Price in any particular Service Area at the end of the final Clock Round will become the Winning Price for the respective Service Area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. Winning Bidders will be required to pay the Winning Price for the Service Area(s) they have won. The Winning Price to be paid by a Winning Bidder may be less than or equal to the Winning Bid of a Winning Bidder (but never greater than) for any particular Service Area.

As a result of these rules, Winning Price in any particular Service Area is the highest Clock Round price that maximises the number of blocks sold in that particular Service Area. Any blocks that remain unsold in a Service Area will not be awarded as part of this exercise and will be retained by the Government.

### **8.3.9 Top-up Facility**

A New Entrant bidder, who is submitting his bid and allotted One Block, will be topped up with an additional Block so as to make a minimum allocation of Two Blocks. This will be applicable for each Clock. Hence a New Entrant bidder who has submitted a bid for Two Blocks (which is the minimum that needs to be submitted) for a particular Service Area, and as per the Auction Rules, if he is deemed to be a Provisional Winning Bidder for the only One Block out of a total of  $M$  Blocks available in that Service Area, in that case the Blocks allocated at the end of this particular Clock Round for this bidder would be topped up with One Additional Blocks This will ensure that a New Entrant, if happens to be a Provisional Winning Bidder, will be allotted a minimum of 2 Blocks for that particular Service Area. Please note that the top-up facility will be activated only for those Service Areas where the Bidder is a Provisional Winning Bidder.

Please note that the Number of Blocks available for topping up may vary from Service Area to Service Area.

### **8.3.10 Length of Clock Rounds and Extension Periods**

Clock Rounds will typically only be scheduled to begin between the hours of 09.30 and 19.00 hours (Indian Standard Time) on Monday through Saturday, except national holidays. However, the Auction Administrator reserves the right not to schedule Clock Rounds on one or more days, to extend the number of hours in the day during which rounds will be scheduled or to run rounds on any day once the Auction commences at its absolute discretion in order to ensure the smooth running of the Auction. Where the use of any of these facilities is to be exercised, advance notice, through the EAS, will be provided to Bidders.

Prior to the start of any Clock Round, the Auction Administrator will notify Bidders of the starting and finishing times of the next Clock Round through the EAS. At least 15 minutes notice will be given of the start of the next Clock Round.

Also, Bidders will be notified in advance of the starting time and date of the first Clock Round.

A Clock Round will be for a minimum duration of 30 minutes. The auction will go to the extension mode as per the bids which are submitted by the bidder.

During the Clock Round, the Bidders can enter the following parameters in the EAS:

- Selection of Service Areas – “Yes / No”, depending on whether the bidder is interested to submit his bid for a particular Service Area.
- Number of Blocks – Depending on whether the Bidder is a New Entrant or an Existing Telecom Provider, bid can be submitted to a minimum of 2 and a maximum of 3 for a New Entrant and for 1 Block for an Existing Telecom Provider respectively.

Based on the selection of Service Areas and the Number of Blocks for the selected Service Areas, the EAS will check & display the following to the respective bidder:

- If the bid is compatible with the Earnest Money Deposit which the bidder has submitted for participation in the e-auction.
- Additionally, the bid has to be compatible with the requirements of the Activity Rules.
- The Bidder’s eligibility for the Next Round would also be calculated by the System & displayed to the bidder’s on their respective bidding dashboard. In the case where the Bidder’s eligibility is reduced due to the combination of Number of Blocks opted for the selected Service Areas, a warning message will be displayed on the respective bidder’s screen. The bidder at this point of time will have the option to go back & modify the bids.

Only those bids which are compatible with all the rules of the e-auction will be accepted by EAS. The respective bidder’s will be given an appropriate message of acceptance of their bids by the EAS.

***It would be the respective bidder’s responsibility to ensure that their bids are received by EAS prior to the end of the Clock Round. For the purposes of determining whether or not a Bid is received prior to the end of the Clock Round, the EAS must receive the Bid submission by the end of the Clock Round. Bidders should be aware that it takes a finite amount of time to transmit a Bid across the Internet and for the EAS to respond which could be as a result of various factors but not limiting only to the speed of the Internet bandwidth at the Bidder’s terminal. Bidders submitting decisions close to the end of the Clock Round do so entirely at their own risk of failing to meet the Clock Round deadline due to network delays or delays in response by the EAS. Bids are not processed by the EAS until the Clock Round is closed and no tactical or strategic advantage is conferred by submitting Bids late within the Clock Round.***

After the end of a Clock Round, the results would be announced for the bids received for each of the Service Areas. If there is Excess Demand for blocks in any service area and a further Clock Round is required, this Clock Round will be scheduled and the start and finish

times announced to Bidders through the EAS subject to at least 15 minutes notice of the start of the next Clock Round.

To guard against technical problems and provide Bidders with some additional flexibility in making bidding decisions, Bidders are provided with limited opportunities to extend a Clock Round and defer submission of a Bid. Each Bidder is allocated an Extension Budget to the tune of maximum of 4 hours.

In the event that a Bidder fails to submit a valid Bid by the end of the initial finishing time of a Clock Round (and has at least 10 minutes remaining in its Extension Budget), 10 minutes will be subtracted from its Extension Budget and the finishing time of the Clock Round will be deferred by 10 minutes for that Bidder. In the event that the Bidder fails to submit a valid Bid by the revised deadline (and has at least 10 minutes remaining in its Extension Budget), a further 10 minutes will be subtracted from its Extension Budget and the finishing time deferred by a further 10 minutes for that Bidder. A Bidder may defer the original scheduled finishing time of any one Clock Round by at most 60 minutes in this way.

The bidders are requested to note that it is necessary & mandatory for the respective bidders to check & submit a bid, even if the respective bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round. In case of a bidder failing to do so within the initial finishing Clock Round, the extension would be triggered & the same would be deducted from the Total Extension Budget available to the respective bidder. Further, even if the bidder happens to be in a position such that neither any New Bids could be made nor the Provisional Winning Bids could be raised because of any of the two reasons as given below:

- (iii) The Bidder holds the Provisional Winning Bids equal to the Current Round Price; and
- (iv) The total Eligibility points is equal to the activity associated with the these Provisional Winning Bids

It will still be necessary for the bidder to submit the “No” decision into the EAS to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 60 minutes or if the Bidder’s Extension Budget is exhausted, no further deferral of the Clock Round finishing time will be possible. In this case, if no Bid submission is logged by the EAS prior to the end of the Clock Round; the EAS will proceed as if the relevant Bidder entered no New Bids and did not increase any Provisional Winning Bid. As a consequence, the Bidder’s eligibility in the following Clock Round will be calculated based on the eligibility linked to its Provisional Winning Bids at the end of the previous Clock Round and the Auction Activity Requirement in the current round. It could also happen that the bidder is not able to participate further in subsequent Clock Rounds due to non-availability of sufficient Eligibility points as a result of this non-submission of bid.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. Please note that in case of any particular Bidder triggering an extension does not remove the requirement on other Bidders to submit Bids by the original deadline or to have their Extension Budget reduced if they have also failed to

submit their Bids within the stipulated time. In particular, if more than one Bidder has failed to submit a decision by the original finishing time of a Clock Round, all such Bidders will either have the number of minutes deducted from their Extension Budgets or (if they have exhausted their Extension Budget) deemed to have made no further Bids in the current round. Bidders that have already checked and submitted a decision prior to the original finishing time of the Clock Round will not be able to revise or modify their decision during an extension period.

A Clock Round, which is into the extension period, may close prior to the finishing time of an extension period if the EAS has received Bids from all Bidders. The bidders are requested to note that this provision does not apply within a normal Clock Round that has not been extended; Clock Rounds will not close prior to the scheduled finishing time even if the EAS has received Bids from all Bidders.

The minimum time between the ending of One Clock Round and the start of the Next Clock Round will be 20 minutes. The same would be announced to Bidders through the EAS subject to at least 15 minutes notice of the start of the next Clock Round.

In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:

- Re-schedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started;
- Re-schedule the finishing time of a Clock Round in progress;
- Cancel a Clock Round in progress and re-run it;
- Grant one or more Bidders additional Extension Budget.

The Auction Administrator will not grant any additional Extension Budget to one or more Bidders unless there is compelling evidence of technical failures affecting multiple bidders.

### **8.4 Frequency Identification Stage**

The Government is validating the frequency available across circles for the auction. Final details of the frequencies to be auctioned will be notified in the Notice.

### **8.5 Information Policy**

Prior to the start of the Auction, the Government will make public:

- A list of pre-qualified Bidders;
- The information provided in these Bidders' applications about their ownership structures;
- The amount of Earnest Money Deposit provided by the Bidder; and
- The number of Initial Eligibility points granted to each Bidder as a result of its Earnest Money Deposit.

During the Clock Round Stage, the following information will be provided to Bidders after each completed Clock Round:



- The Clock Round price per Block in each Service Area in the last completed Clock Round;
- The total number of Bids received for the Number of Blocks in each Service Area in the last completed Clock Round;
- The Aggregate Demand in each Service Area at the Clock Round prices in the last completed Clock Round (i.e. for each Service Area, the total number of Bids for the Number of Blocks in the Service Area at a value equal to the Clock Round price in the last completed Clock Round); and
- The Excess Demand in each Service Area at the Clock Round prices in the last completed Clock Round (i.e. for each Service Area, Aggregate demand less the number of blocks available in the Service Area).

If the last completed Clock Round was not the final Clock Round, the following information will also be provided to each Bidder:

- The Provisional Winning Price in each Service Area at the end of the last completed Clock Round;
- The Provisional Winning Blocks (if any) held by the respective Bidder in each Service Area(s) at the end of the last completed Clock Round;
- The price at which any such Provisional Winning Blocks held by that Bidder were made;
- The ranking of any such Provisional Winning Blocks held by that Bidder amongst all the Provisional Winning Blocks within the relevant Service Area(s) at the end of last completed Clock Round;
- Total number of Eligibility Points available to the particular Bidder for the next Clock Round.

If the last completed Clock Round was not the final Clock Round, the following information will be provided to each Bidder at the time at which the next Clock Round is scheduled on their respective bidding dashboard:

- The price increment to be applied in each service area; and
- The Clock Round price per Block in each Service Area that will apply for the next Clock Round.

At the end of the final Clock Round, the following information will be provided to all Bidders:

- That the last completed Clock Round was the final Clock Round;
- The Winning Prices; and
- The Winning Bids and the identities of the Winning Bidders.

Information relating to the specific Bids made by Bidders (whether successful or not) in each service area will not be provided at the end of each Clock Round (other than the

information provided about the Winning Bids after the final Clock Round), but will be made public in their entirety subsequently after the Frequency Identification Stage.

### **8.6 Collusion and other Prohibited Activities**

The Government of India reserves the right to disqualify any Bidder that:

- Colludes or attempts to collude with another Bidder in determining its Bids during the Auction;
- Releases Confidential Information with the effect or intention of modifying the bidding behaviour of other pre-qualified Bidders;
- Breaches or attempts to breach the secure measures within the EAS;
- Prevents or attempts to prevent any other Bidder (or other users of the EAS) from accessing the EAS;
- Attempts to influence the decisions of the Auctioneer in conducting the Auction;
- Obstructs or attempts to obstruct the running of the Auction;
- Provides inaccurate information in its Application to participate in the Auction.

In the event of such disqualification, a Bidder's EMD will be forfeited and the Government may undertake other penal action as well against such a Bidder.

The Government reserves the right to impose a fine equal to some or all of a Bidder's deposit for less serious breaches of these rules. Such fines shall be deducted from that Bidder's EMD.

**Table 8-A: Availability of Spectrum for Auction in 800MHz**

S. No.	Service Area	No. of 2.50MHz (paired) blocks available (1st & 2nd blocks of 1.25MHz)	No. of 1.25MHz blocks (paired) available (3rd block )	Additional block of 1.25MHz (paired), wherever available (4th block )
1	Delhi	1	1	NIL
2	Mumbai	1	1	NIL
3	Kolkata	1	1	NIL
4	Maharashtra	1	1	NIL
5	Gujarat	1	1	1
6	AP	1	NIL	NIL
7	Karnataka	1	1	1
8	Tamil Nadu	1	1	1
9	Kerala	1	1	1
10	Punjab*	1	NIL	NIL
11	Haryana	1	1	1
12	Uttar Pradesh (W)	1	1	1
13	Uttar Pradesh (E)	1	1	1
14	Rajasthan	NIL	NIL	NIL
15	MP	1	1	1
16	West Bengal	1	1	1
17	HP	1	1	1
18	Bihar	1	1	1
19	Orissa	1	1	1
20	Assam	1	1	1
21	North East	1	1	1
22	J & K	1	1	1

**Note :**

i) One block of 2.5MHz (paired) spectrum consists of two blocks of 1.25MHz spectrum, where one block of 1.25MHz spectrum signifies actual allotment of 1.23MHz (paired) spectrum as per the CDMA standard channelling plan.

ii) In order to optimize the availability of spectrum blocks, the guard band of 270/300 KHz have been used.

\* Non contiguous two carriers each of 1.25MHz (paired)

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<b>Table 8-B</b>		<b>Service Areas, Reserve Price, Deposits required and Eligibility Points for e-auction of Spectrum in 800MHz Band.</b>			
<b>Sl. No.</b>	<b>Service Area</b>	<b>Areas Covered</b>	<b>Reserve Price per Block per Service Area (Rs. Crore)</b>	<b>Required Deposit per Block per Service Area (Rs. Crore)</b>	<b>Eligibility Points per Block</b>
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	33.59	11.00	8
2.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	372.99	46.00	42
3.	Assam	Entire area falling within the State of Assam.	11.27	3.75	3
4.	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No. 30 of 2000) dated 25 <sup>th</sup> August, 2000.	55.26	11.00	8
5.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	292.29	46.00	42
6.	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	60.47	11.00	8
7.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	10.11	3.75	3
8.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	8.23	3.75	3
9.	Karnataka	Entire area falling within the State of Karnataka.	429.16	46.00	42

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10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	84.89	15.50	13
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Re-organization Act, 2000 (No. 28 of 2000) dated 25 <sup>th</sup> August, 2000.	70.18	15.50	13
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	341.66	46.00	42
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	11.49	3.75	3
14.	Orissa	Entire area falling within the State of Orissa.	26.35	11.00	8
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.	87.47	15.50	13
16.	Rajasthan	Entire area falling within the State of Rajasthan.	87.20	15.50	13
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.	397.92	46.00	42
18.	Uttar Pradesh (West)	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh: Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include	139.63	15.50	13

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		the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.			
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	99.02	15.50	13
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.	900.98	89.00	85
21.	Kolkata	Local Areas served by Calcutta Telephones.	147.84	15.50	13
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.	881.99	89.00	85

**Note:**

- Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom Circle in East Godavari LDCA.
- The definition of local areas of exchanges will be as applicable to the existing cellular operators, i.e. at the time of grant of cellular Licences in Metro Cities.
- The definition of local areas with regard to the above service area as applicable to this licence is as per definition applicable to Cellular Mobile Service Licences as in the year 1994 & 1995, when those Licences were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule2(w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.

**Table 8-C – Proportionate Price Increment rule for e-auction of Spectrum in 800MHz Band**

Excess Demand	Price Increment as a Percentage of previous Clock Round Price
Less than ZERO (Negative)	0%
0	1%
1	1%
2	5%
3 or more	10%

**\*\* The Price Increment calculated for a Service Area will always be capped by the following maximum absolute price increments for each Service Area.**

Sl. No.	Service Area	Maximum Price Increment per Round (In Rs. Crore)
1.	West Bengal	11.00
2.	Andhra Pradesh	46.00
3.	Assam	3.75
4.	Bihar	11.00
5.	Gujarat	46.00
6.	Haryana	11.00
7.	Himachal Pradesh	3.75
8.	Jammu & Kashmir	3.75
9.	Karnataka	46.00
10.	Kerala	15.50
11.	Madhya Pradesh	15.50
12.	Maharashtra	46.00
13.	North East	3.75
14.	Orissa	11.00
15.	Punjab	15.50
16.	Rajasthan	15.50
17.	Tamil Nadu	46.00



## Auction of Spectrum in 1800MHz and 800MHz Bands – Information Memorandum

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18.	Uttar Pradesh (West)	15.50
19.	Uttar Pradesh (East)	15.50
20.	Delhi	89.00
21.	Kolkata	15.50
22.	Mumbai	89.00
<b>** All price increments will be in Rs. Crore, rounded down to two decimal places. Therefore, throughout the Auction all prices will be in Rs. Crore with at most two decimal places.</b>		

***Earnest Money Deposits and Associated Eligibility Points for e-auction of Spectrum in 800MHz Band will be detailed in the NIA.***

## **9 Application Instructions**

Applications must be submitted in hard copy, to be received by 3:00 PM (Indian Standard Time) on 19<sup>th</sup> October, 2012, during office hours, at the following address:

Joint Secretary (Telecom)  
Department of Telecommunications  
Room no 319,  
Sanchar Bhawan,  
20 Ashoka Road,  
New Delhi – 110 001.

Applications received after the prescribed timeline shall be summarily rejected and returned unopened.

Six sets of the Application need to be submitted in separate sealed covers. The first set shall be marked as “ORIGINAL” and shall be duly signed in ink on each page by the Applicant. The other five photo copies of the original set shall be marked as “COPY No. \_\_\_”. Each page of the Application is to be numbered. In case of discrepancies between the copies and the Original, the Original shall prevail. However, the Government also reserves the right to summarily reject Applications in case of discrepancies between the copies and the Original. Name and address of the Bidder shall be displayed on each of the sealed covers. The Applicants should also submit scanned soft copy of the Original set on CD-ROM/ DVD in a single “pdf” document with pages in the same order as in the Original Application.

Applicants should note that, at its sole discretion, the Government may designate another time and/ or place at which Applications should be submitted. However, this power will only be used in exceptional circumstances. The alternative location will be publicised on the Auctions website.

Applications should be marked:

### **“Application for Pre-Qualification – Auction of Spectrum in 1800MHz / 800MHz band”**

Applications should contain:

- A completed Application Form and all supporting information including the necessary undertakings;
- A non-refundable application fee of Rs. 100,000/- (Rupees One Lakh only) payable to Pay and Accounts Officer (HQ), DoT, New Delhi, through a demand draft drawn on a Scheduled Commercial Bank payable at Delhi;
- Earnest Money Deposit (Bank Guarantee);
- Nomination of the Authorised Person for future correspondence with the Bidder, along with a Power of Attorney empowering her/ him to take all decisions connected with the relevant Auctions on the Bidder’s behalf.

If at any later date, it is found that averments/ facts submitted by the Applicant in the Application based on which it has been considered eligible for any of the Auctions is incorrect or false, the

Government reserves the right to disqualify the Bidder as well as take other penal action against such Bidder, including but not limited to, forfeiting its EMD as well as withdrawing any frequency allocation that may have been made to such a Bidder in the Auction.

Withdrawal of Applications shall be allowed by means of a written request to the “Department of Telecommunications” up to seven calendar days before the scheduled start of the Auctions.

## **10 Contact and Further Information**

### **10.1 Contacts for further enquiries**

Enquiries, if any, may be directed to the following e-mail address: “spectrumauction-dot@nic.in”.

The Government may or may not respond to any query, in part or full, at its sole discretion. In case it responds to any query, the response shall be made public. However, the identity of the person making the query will not be disclosed, to the extent possible.

Further contact details for support during the e-auction will be separately provided to the eligible Applicants.

### **10.2 Further information**

Section 11.1 to 11.8 in the Annexures form a part of this document and contain the following:

<b>Sections</b>	<b>Descriptions</b>
11.1	Regulatory regime in the Indian telecommunications sector
11.2	Detailed definition of service areas
11.3	Standard UAS licence
11.4	Guidelines for obtaining UAS licence
11.5	Application checklist and formats
11.6	System requirements for accessing the EAS
11.7	Backup procedures for making bids
11.8	Definition and Glossary of Terms

### **10.3 Disclosure of further information**

Following issue of this IM, the Government has the discretion to publish further information and to amend the IM from time to time either on its own or in response to any clarification requested. All such amendments will constitute a part of the IM. The amendments, if any, will be notified on the DoT website.

## **11 Annexures**

### **11.1 Regulatory regime in the Indian telecommunications sector**

A Telecommunications in India is a Union subject i.e. the federal government has the exclusive authority to legislate on it. The key Acts of Parliament which govern the Indian telecommunications sector are:

- Indian Telegraph Act 1885
- Indian Telegraph (Amendment ) Rules 2004
- Indian Wireless Telegraphy Act 1933
- Information Technology Act 2000
- Telecom Regulatory Authority of India Act 1997 and subsequent amendments

The texts of these Acts are available on the DoT website (<http://www.dot.gov.in/Acts/acts.htm>).

The institutional framework for regulating telecommunication in India comprises the following key agencies:

#### **11.1.1 Telecom Commission**

The Telecom Commission was set up by the Government of India in 1989 with administrative and financial powers of the Government of India to deal with various aspects of telecommunications. The Commission consists of a Chairman and four full time members who are ex-officio Secretaries to the Government of India in the DoT. In addition, there are four part time members who are Secretaries to the Government of India of the departments concerned.

#### **11.1.2 Department of Telecommunications**

The Department of Telecommunications is part of the Ministry of Communication and Information Technology of the Government of India. It is the authority in India which looks after licensing and overall policy making in India.

Together the main functions of the Telecom Commission and the Department of Telecommunications include:

- Policy formulation
- Review of performance of the sector
- Licensing
- Spectrum management
- Administrative monitoring of Public Sector Undertakings (including BSNL and MTNL)
- Research and development
- Standardization/ validation of equipment
- International relations

### 11.1.3 Telecom Regulatory Authority of India

TRAI was formed in 1997 by an Act of Parliament as an independent regulator for the Indian telecommunications industry. Subsequently, in 2000, the adjudicatory powers of TRAI were separated and entrusted to the Telecom Dispute Settlement & Appellate Tribunal (“TDSAT”).

TRAI’s mission is to create and nurture conditions for growth of telecommunications in the country in a manner and at a pace which will enable India to play a leading role in the global information society.

One of the main objectives of TRAI is to provide a fair and transparent policy environment which promotes a level playing field and facilitates fair competition.

In pursuance of the above objective, TRAI has issued from time to time a large number of regulations, orders and directives to deal with issues coming before it and provided the required direction to the evolution of the Indian telecoms market.

The key functions of TRAI include:

- Regulation of tariffs, interconnection and quality of service;
- Making recommendations to the Government on policy issues, licensing, terms & conditions, licence revocation, competition facilitation etc. It is mandatory for the Government to seek recommendations from TRAI in respect of specified matters.

### 11.1.4 Telecom Disputes Settlement & Appellate Tribunal (TDSAT)

The Telecom Regulatory Authority of India Act, 1997 was amended by the Telecom Regulatory Authority of India (Amendment) Act, 2000. The amendments were brought about to remove certain difficulties that had arisen in the implementation of the Act. A clear distinction was made between the recommendatory and regulatory functions of TRAI by the setting up of a separate dispute settlement mechanism.

By the Amendment Act, an Appellate Tribunal known as the Telecom Disputes Settlement & Appellate Tribunal was set up to adjudicate disputes and dispose off appeals with a view to protect the interests of service providers and consumers of the telecoms sector and to promote and ensure orderly growth of the sector. The Appellate Tribunal came into existence on 29th May 2000 and started hearing cases from January 2001.

The functions of the Appellate Tribunal are

- To adjudicate any dispute;
  - Between a licensor and licensee;
  - between two or more service providers;
  - between a service provider and a group of consumers
- To hear and dispose of appeals against any decision or order of TRAI.

Broadly, the issues involved in cases filed before the Appellate Tribunal relate to interconnection, challenging the basis of computation of licence fees by the licensor, wrongful levy and charge of royalty and licence fees for frequency allocation, blocking of

calls by one group of service providers, disputes relating to default traffic, challenges to tariffs fixed by TRAI, cashing of bank guarantees, disputes between broadcasters etc.

### **11.1.5 Wireless Planning & Coordination (WPC) Wing**

The Wireless Planning & Coordination Wing of the Ministry of Communications, created in 1952, is the National Radio Regulatory Authority responsible for frequency spectrum management, including licensing, and caters for the needs of all wireless users (Government and Private) in the country. It exercises the statutory functions of the Central Government and issues licences to establish, maintain and operate wireless stations. WPC is divided into major sections such as Licensing and Regulation (“LR”), New Technology Group (“NTG”) and Standing Advisory Committee on Radio Frequency Allocation (“SACFA”).

SACFA makes recommendations on major frequency allocation issues, formulation of the frequency allocation plan, making recommendations on the various issues related to International Telecom Union (“ITU”), to sort out problems referred to the committee by various wireless users, sitting clearance of all wireless installations in the country etc.

### **11.1.6 Telecom Engineering Centre**

Telecom Engineering Centre (“TEC”) is a technical body representing the interests of the Department of Telecommunications, Government of India.

The role of the TEC is to bring together the telecoms industry to decide the standards that network elements and services would have to conform to in order to make the Indian telecom network deliver acceptable service in a multi-operator environment on par with global standards. The TEC is responsible for the formulation of Generic Requirements (“GR”) for network elements, Interface Requirements (“IR”) for interfaces between different network elements, Service Requirements (“SR”) for networks and services and Test Schedule and Test Procedures (“TSTP”) thereof.

Key functions of the TEC include the following:

- Specification of common standards with regard to telecom network equipment, services and interoperability;
- Issuing Interface Approvals and Service Approvals;
- Formulation of Standards and Fundamental Technical Plans;
- Interaction with multilateral agencies like APT, ETSI and ITU etc. for standardisation;
- Development of expertise to imbibe the latest technologies and results of R&D;
- Provision of technical support to DoT and technical advice to TRAI & TDSAT;
- Coordination with C-DoT on the technological developments in the telecom sector for policy planning by DoT.

## **11.2 Detailed definition of Service Areas**

<b>Delineation of Service Areas for license purpose</b>		
<b>Sl. No.</b>	<b>Service Area</b>	<b>Areas covered</b>
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.
2	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.
3	Assam	Entire area falling within the State of Assam.
4	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No.3 of 2000) dated 25th August, 2000.
5	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Havelli).
6	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon telephone exchanges.
7	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.
8	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.
9.	Karnataka	Entire area falling within the State of Karnataka.
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Reorganization Act, 2000 (No. 28 of 2000) dated 25 <sup>th</sup> August, 2000.
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.



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13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.
14.	Orissa	Entire area falling within the State of Orissa.
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.
16.	Rajasthan	Entire area falling within the State of Rajasthan.
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.
18.	Uttar Pradesh (West)	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh: Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.
21.	Kolkata	Local Areas served by Calcutta Telephones.
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.
<p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom Circle in East Godavari LDCA.</i></li> <li>• <i>The above service areas refer to Telecom Service Area Units and not the State geographical areas.</i></li> </ul>		

### **11.3 Standard UAS License**

Provided at the following link:

<http://www.dot.gov.in/uas/uasindex.htm>

### **11.4 Guidelines for obtaining UAS License**

Provided at the following link:

<http://www.dot.gov.in/uas/uasindex.htm>

**11.5 Application Checklist**

Sl. No	Particulars	Please Tick	Page number of Application Document
1.	Completed Application Form	<input type="checkbox"/>	
2.	Certified copy of Certificate of Registration along with Articles of Association and Memorandum of Association. Company Secretary to certify the copy (in case the Applicant is not an Indian company, copies of the incorporation documents of the Company have to be certified by a Company Secretary registered in India)	<input type="checkbox"/>	
3.	Self certification from the Company Secretary of his/ her name and membership number	<input type="checkbox"/>	
4.	Certificate from Company Secretary certifying details of Promoters/ Partners/ Shareholders in the Company and breakdown of the equity of the Company	<input type="checkbox"/>	
5.	Certificate from Company Secretary certifying the paid up Capital	<input type="checkbox"/>	
6.	Certificate from Company Secretary certifying the net worth	<input type="checkbox"/>	
7.	Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/ Government in this regard with proof of Submission (if applicable)  <i>(Copy to be certified by the Company Secretary)</i>	<input type="checkbox"/>	
8.	Bank Guarantee from a Scheduled Bank (for the Earnest Money Deposit)	<input type="checkbox"/>	
9.	Power of Attorney by Resolution of Board of Directors that the person signing the Application is an authorized signatory  <i>(Copy to be certified by Company Secretary and duly stamped and notarized)</i>	<input type="checkbox"/>	
10.	Non-refundable application fee of Rs. 100,000/- payable to Pay and Accounts Officer (HQ), DoT, New Delhi	<input type="checkbox"/>	
	<b><i>In case of Associated Licensees:</i></b>		
11.	Joint undertaking(s) to nominate the Group Bidding Entity	<input type="checkbox"/>	
12.	Certificates from Company Secretary on ownership details of	<input type="checkbox"/>	



	<p>each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees</p> <ul style="list-style-type: none"> <li>▪ In case of step-down subsidiaries, the shareholding details at each level have to be submitted, clearly establishing the direct/ indirect shareholding of the Common Parent in the Associated Licensees.</li> <li>▪ In the case that any of the Associated Licensee is a listed Company, attach the stock exchange filing establishing the Common Parent as the promoter of the Company</li> </ul>		
	<b><i>In case of Prospective New Entrants:</i></b>		
13.	Undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a Unified / UAS licence through an Indian company registered under the Companies Act 1956 (in which the Applicant shall hold at least 26% equity) in advance of starting commercial operations	<input type="checkbox"/>	

**11.5.1 Indicative Application Format for the 1800MHz and / or 800MHz Band  
(Separate formats to be used)**

*(on the letterhead of the Applicant Company)*

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY  
DEPARTMENT OF TELECOMMUNICATIONS  
SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI-110 001.

APPLICATION FOR PARTICIPATING IN AUCTION OF  
SPECTRUM IN 1800MHz BAND

Ref: File No.: \_\_\_\_\_

**General instructions:**

- (a) All the pages of the form/ supporting documents must be separately signed along with the rubber stamp by the Authorised Signatory or Company Secretary, as required. The name and designation of the signatory and the stamp of the relevant company must also appear wherever documents have been signed.
  - (b) In case the Applicant has to furnish no information against any of the items below, either 'Nil', 'No' or 'Not applicable', as the case may be, should be mentioned. If in the information supplied, against any item, a dash is marked or is left blank, it shall be treated as incomplete and the Application may not be considered for further processing.
  - (c) All undertakings to be provided on the letterhead of the relevant Company.
- 1. Name of Applicant Company:  
*(Note: Attach certified copy of Certificate of Registration along with Articles of Association and Memorandum of Association. Company Secretary or authorised signatory is required to certify the copy.)*
  - 2. Complete postal address with Telephone/ Fax numbers/ e-mail address
    - i) Corporate Office
    - ii) Registered Office
  - 3. Address for correspondence with Telephone/ Fax numbers/ e-mail address

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4. Name of the Company Secretary certifying the documents along with his/ her Membership number

*(Note: Attach self certification from the Company Secretary. In case there are more than one Company Secretary certifying documents, the details or self-certification of all these Company Secretaries to be submitted.)*

- (a) Names and passport numbers of the authorised signatories of the different companies that are signing the Application or any attachment to it.

5. Name of Authorised Person, designation, address and Telephone/ Fax numbers/ email address and her/ his specimen signature counter-signed by the authorized signatory.

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the Auction, on the Bidder's behalf including but not limited to, the authority to put in Bids in respect of any of the service areas and to commit payment of the necessary amount if the Bidder is granted spectrum in any service area.)*

- 6.

- (a) Details of Promoters/ Partners/ Shareholders in the Company:

*(Note: the Promoters are required to be separately indicated.)*

<b>S No</b>	<b>Name of Promoter/ Partner/ Shareholder</b>	<b>Indian/ Foreign</b>	<b>Equity Percentage</b>	<b>Net Worth</b>	<b>Paid-up capital</b>

*(Note: Complete break-up of 100% of equity must be given. Individual equity holding upto 5% of the total equity can be clubbed but Indian and Foreign equity must be separate.)*

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*

- (b) Equity details

Indian \_\_\_\_\_

Foreign \_\_\_\_\_

**Total** \_\_\_\_\_

7. List of UAS/ CMTS licence(s) held by the Applicant and its Associated Licensees, if any. Please mention operative licences (i.e. licences which are currently in force) only.

<b>Type of the Licence (UAS/ CMTS)</b>	<b>Service area</b>	<b>Name of the Company</b>


*(Note: Attach Undertaking that in case the Applicant is declared a Successful Bidder in any service area where it (along with its Associated Licensees) does not currently hold a UAS/ CMTS licence, it will acquire a UAS / Unified licence.)*

8. Ownership details of each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees.

*(Note: In case of step-down subsidiaries, the shareholding details at each level have to be submitted, in the same format as in point 6(a) (above), clearly establishing the direct/ indirect shareholding of the Common Parent in the Associated Licensees.)*

*(Note: In case any of the Associated Licensees is a listed Company, attach the stock exchange filing establishing the Common Parent as a promoter of the Company.)*

*(Note: Attach Certificates from Company Secretary or authorised signatory of each Company whose shareholding is presented.)*

9. List of telecom service licence(s) held by the Applicant and its allies/ sister concerns/partners, if any, and their present status:

<b>Type of the Licence (Basic Cellular/ UASL/ Paging/ NLD/ ILD/ ISP etc) and service area</b>	<b>Name of the Company</b>	<b>Status whether operative/ surrendered/ Terminated</b>

*(Type of the Licence means Basic/ Cellular/ UASL/ Paging/ NLD/ ILD/ ISP licences etc. Details of all the Licences held by Allies/ sister concerns/ Partners or legal entities with 10% or more common equities must be shown separately.)*

10. Details of the CMTS/ UAS licence in the name of the applicant company and Net worth required for the Licence:

11. Paid up capital of the Company (certificate from Company Secretary or authorized signatory certifying the paid up capital to be provided.)

*(Note: Paid up capital to be provided as on the date of last audited financial statement but not older than one year from the date of application.)*

12. Net worth of the Company (certificate from Company Secretary or authorized signatory certifying the net worth to be provided).

- (a) Also provide combined net worth of any promoter that holds more than 10% in the Company (actual break-up to be provided; certificate from the Company

Secretary or authorised signatory of each of such promoter that has been considered in the calculation to be provided).

*(Note: In case the Applicant's own net worth is sufficient to meet the specified net worth criteria, then it need not submit particulars required in 12a.)*

*(Note: Net worth to be provided as on the date of last audited financial statement but not older than one year from the date of application.)*

13. Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/ Government in this regard with proof of Submission (if applicable).

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*

14. Number of Initial Eligibility points applied for and details of corresponding Bank Guarantee for the Earnest Money Deposit.

*(Note: Attach Bank Guarantee)*

15. Power of Attorney by Resolution of Board of Directors that the person signing the Application is an authorized signatory.

*(Note: Copy to be certified by Company Secretary and duly stamped and notarized. In case, the Applicant is not an Indian company, and does not have a Company Secretary, Power of Attorney may be certified by the legal counsel of the Company.)*

*(Note: Power of Attorney is also required for the authorised signatories of any other company that is required to sign any Attachment to the Application.)*

### **Certificates/ undertaking:**

- A. I hereby certify that the Applicant has carefully read the Notice and undertakes to fully comply with the terms and conditions of the Notice.
- B. I hereby certify that the Applicant is legally capable of both bidding for and satisfying its obligations under the terms and conditions for award of the spectrum and the UAS / Unified licence (if applicable), including but without limitation to any approvals, consents, permissions and board approvals from its holding company(ies) under any laws or rules and regulations issued by any governmental or regulatory or supervisory body in any competent jurisdiction.
- C. I hereby certify that neither the Applicant nor any of its Associated Licensees are the subject of criminal or civil proceedings that could be expected to adversely affect its business or its ability to bid in the Auction.
- D. I hereby certify that the Applicant will accept the changes required to be made to the existing licences held by it or any of its Associated Licensees (if applicable) as a precondition to or as a consequence of the allocation of spectrum.
- E. I hereby certify that the Applicant understands that this Application, if found incomplete in any respect and/ or if found with conditional compliance or not accompanied with the Earnest Money Deposit, shall be summarily rejected.



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- F. I hereby certify that the Applicant understands that the processing fee is non-refundable irrespective of whether or not the spectrum is granted to it.
- G. I hereby certify that the Applicant has read and understood the FIPB guidelines for investment in telecom services in India, and will comply with the same before commencing operations.
- H. I hereby certify that the Applicant will intimate the DoT promptly in case of any change in the information submitted as part of the Application.
- I. I hereby certify that the Applicant will comply, and ensure that all of its Insiders and Associated Licensees will comply, with the terms and conditions of the Notice relating to confidentiality.
- J. I hereby certify that the Applicant understands that all matters relating to the application or spectrum if granted to it will be subject to jurisdiction of courts/ Tribunal(s) in Delhi/ New Delhi only.
- K. I hereby certify that the Applicant understands that if at any time, any averments made or information furnished as part of this application is found incorrect, then its application and the spectrum if awarded on the basis of such application shall be cancelled.
- L. I certify that the information provided in this Application (including the attachments) is true, accurate and complete to the best of its knowledge.

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)

**11.5.2 Indicative Format for Earnest Money Deposit**

*(in the form of a Bank Guarantee from a Scheduled Bank)*

To

The President of India,

New Delhi.

1. Whereas **<Full name of the Applicant>** (hereinafter called “**the Proposer**”) desires to submit the proposal for participating in the Auction for spectrum in the **<1800MHz band / 800MHz band>** in compliance to DoT File No. **<XXX>**.

Know all men by these presents that we **<Name of the Bank>** (hereinafter called “**the Bank**”) are bound unto the President of India (hereinafter referred to as “the Authority”), in the sum of **<Amount in figures>** (**<Amount in words>**) for which payment will and truly be made to the said Authority, the Bank binds itself, its successors and assignees by these presents.

2. The conditions of this obligation are:
  - (i) If the Proposer having been notified of the acceptance of its proposal by the DoT, during the period of the proposal’s validity:
    - (a) fails or refuses to execute the contract form, if required; or
    - (b) fails to deposit the Successful Bid Amount in the stipulated timeframe as per the Notice;
  - (ii) The Proposer misrepresents facts in its application;
  - (iii) The Proposer violates any of the Auction Rules or otherwise disrupts the Auction process;
  - (iv) The Proposer does not bid for even 1 service area in the first Clock Round of the relevant Auctions;
  - (v) The Proposer defaults on its bid;
  - (vi) The Proposer withdraws its proposal during the period of its validity specified in the Notice.

We undertake to pay to the Authority, the above amount upon demand, without any demur and without the Authority having to substantiate its demand.

3. This guarantee will remain in force up to six months from the date of issue, further extendible by another six months on your request and any demand in respect thereof should reach the Bank not later than the date up to which this Bank Guarantee is valid.
4. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to**<Amount in figures>**- and our Guarantee shall remain in force until 1 year from the date hereof. Unless a demand or claim under this Guarantee

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is made on us in writing within this date i.e. \_\_\_\_\_, all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities there under.

Dated \_\_ day <month>, 2012

<Name of Bank>

Signature

Witness:

1. \_\_\_\_\_
2. \_\_\_\_\_

**11.5.3 Indicative Format for an undertaking to obtain a UAS / Unified licence (for new entrants) (applicable separately in the case of the Spectrum in 1800MHz and 800MHz band respectively in respect of each service area where neither the Applicant nor any of its Associated Licensees has an existing UAS/ CMTS licence)**

*(on the letterhead of the concerned Company)*

**UNDERTAKING TO OBTAIN UAS / UNIFIED LICENCE**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirms, undertake, acknowledge and certify the following:

- (a) That neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant, is a UAS / CMTS licensee in <Name of the telecom service area> (as defined in the UAS guidelines) (“Specified Service Area”);
- (b) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a UAS / Unified licence in the Specified Service Area either directly or through one of its Associated Licensees or through a wholly-owned subsidiary of the Applicant (“Nominated Unified license Applicant”);
- (c) That the Nominated Applicant will satisfy all the conditions required to obtain a UAS / Unified licence as per the license guidelines;
- (d) That the Applicant has read and understood the UAS / Unified license guidelines;
- (e) That in case the UAS / Unified licence application of the Nominated License Applicant is rejected, the Government shall have the right to revoke the spectrum;
- (f) That in case an application for a UAS / Unified licence by the Nominated License Applicant has not been made within three (3) months of the Applicant being declared a Successful Bidder, the Government shall have the right to revoke the spectrum;
- (g) That in case the Applicant and the Nominated License Applicant are different entities, the Applicant and the Nominated License Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain an undertaking to this effect (“Adherence Undertaking”) from the Nominated License Applicant before the Nominated License Applicant submits the UAS / Unified licence application along with a certified copy of the Adherence Undertaking.

Date: \_\_\_\_\_ Signature and Name of the Authorised Signatory

Place \_\_\_\_\_ Company’s Seal

**11.5.4 Indicative Format for an undertaking to nominate a Group Bidding Entity for the Spectrum Auction in 1800MHz and 800MHz band (separate formats to be used for auction in 1800MHz and 800MHz band)**

*(for Associated Licensees bidding through a Group Bidding Entity)*

**JOINT UNDERTAKING TO NOMINATE GROUP BIDDING ENTITY**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Associated Licensee> (“Nominator”)

and,

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Group Bidding Entity> (“Group Bidding Entity”)

hereby confirm, undertake, acknowledge and certify the following:

- (a) That the Nominator has authorised the Group Bidding Entity to bid for Spectrum Auction in the 1800MHz / 800MHz band in compliance with DoT File No. <XXX> on its behalf in the following service areas:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
- (b) That the Nominator is a UAS/ CMTS licensee / New Entrant in all the service areas mentioned in point (a) above;
- (c) That the Nominator has read and understood the Notice for the Auctions and will abide with all applicable conditions including, but not limited to, payment of bid amount, spectrum usage charges and compliance with rollout obligations;
- (d) That in case the Group Bidding Entity is declared a Successful Bidder in any of the service areas mentioned in point (a), the Nominator shall accept the assignment to itself of spectrum won by the Group Bidding Entity in that service area by the Government;
- (e) That the Nominator and the Group Bidding Entity shall be jointly and severally liable for the performance of the bid obligations;
- (f) That the Nominator agrees to make the necessary changes to its existing UAS/ CMTS licence (as required by the conditions specified) / acquire a UAS / Unified license before award of spectrum.

Signed:

For <name of the Nominator Company>

Authorised signature

(name and position)  
affixed

Authorised signature

(name and position) Company seal

Date: \_\_\_\_\_

Signed:

For <name of the Group Bidding Entity>

Authorised signature

(name and position)  
affixed

Authorised signature

(name and position) Company seal

Date: \_\_\_\_\_

**11.5.5 Indicative Format for Ownership Compliance Certificate for the Spectrum Auction in 1800MHz band**

*(for all Applicants)*

*(on the letterhead of the concerned Company)*

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) That we have carefully gone through the list of Applicants (“Provisional Bidders”) for the spectrum Auction in 1800MHz band and their Associated Licensees and their ownership details put up on the DoT website;
- (b) That we have made due enquires to the extent reasonably possible of any entity:
  - who holds a direct or indirect material interest in the Applicant or any of its Associated Licensees; and
  - in whom the Applicant or any of its Associated Licensees hold a direct or indirect material interest;
- (c) That no common entity holds more than 10% stake in the Applicant (or any of its Associated Licensees) and any of the other Provisional Bidders (or any of their respective Associated Licensees);
- (d) That the UAS/ CMTS licence is subject to the condition that:

*“No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one licensee Company in the same service area for the Access Services namely; Basic Cellular and Unified Access Service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company/ Legal person cannot have stakes in more than one licensee company for the same service area.”*
- (e) That the Applicant will promptly intimate the Government if any part of this undertaking were to undergo a material change.

Signed:

Authorised Signatory

(Name & Position

Company Seal & Date

Authorised Signatory

(Name & Position

**11.5.6 Indicative Format for Ownership Compliance Certificate for the Spectrum Auction in 800MHz band**

*(for all Applicants)*

*(on the letterhead of the concerned Company)*

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) That we have carefully gone through the list of Applicants (“Provisional Bidders”) for the spectrum Auction in 800 MHz band and their Associated Licensees and their ownership details put up on the DoT website;
- (b) That we have made due enquires to the extent reasonably possible of any entity:
  - who holds a direct or indirect material interest in the Applicant or any of its Associated Licensees; and
  - in whom the Applicant or any of its Associated Licensees hold a direct or indirect material interest;
- (c) That no common entity holds more than 10% stake in the Applicant (or any of its Associated Licensees) and any of the other Provisional Bidders (or any of their respective Associated Licensees);
- (d) That the UAS/ CMTS licence is subject to the condition that:

*“No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one licensee Company in the same service area for the Access Services namely; Basic Cellular and Unified Access Service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company/ Legal person cannot have stakes in more than one licensee company for the same service area.”*
- (e) That the Applicant will promptly intimate the Government if any part of this undertaking were to undergo a material change.

Signed:

Authorised Signatory

(Name & Position

Company Seal & Date

Authorised Signatory

(Name & Position



### 11.6 System Requirements for accessing the EAS

Prior to the Auction, documentation will be issued describing how to use the EAS (“the EAS Manual”). This Annex is provided to assist bidders in preparing for the Auction. In the event of any conflict between the EAS Manual and this Annex, the EAS Manual should be taken to be definitive

The Auction will be run on an electronic auction system (EAS) over the public Internet using encryption. Bidders can access the system using the standard web browsing software (IE 9.x, Mozilla 13.x). The only additional requirements are (i) to install the digital certificates needed for authentication and data encryption and (ii) to have a recent version of Java installed.

The bidders will have to procure a Class-III Digital Signature Certificate (DSC) issued by any of the valid Certifying Authority (approved by Controller of Certifying Authorities) in India which is mandatory for accessing the EAS. The details of the License CAs can be viewed on [www.cca.gov.in](http://www.cca.gov.in). It would be the respective bidder’s responsibility to acquire such DSCs in the name of their authorized signatory for participation in the e-auction. The respective bidders also need to ensure that they acquire the DSCs before the mock auction which will be conducted as per the timelines set by the Government.

#### 11.6.1 Operating System and Software

The access to EAS is through the operating systems and Internet browsers complemented with Java. However, the digital signature certificates used for user authentication in the EAS are 2048 bit keys. These keys are longer than those in current common usage for e-commerce applications and provide a higher level of security. It is important that Bidders use an up-to-date operating system and browser, and the latest version of Java. The EAS supports Windows XP (Service Pack 3), Windows Vista (Service Pack 3), and Windows 7 (Service Pack 1) operating system. The browsers supported are Internet Explorer 9 and Mozilla Firefox 13.x. Obsolete versions of Internet Explorer may not support longer keys.

#### 11.6.2 Java

The EAS uses the Java Application/Applet for Digital Signature generation, verification, data encryption and decryption in Mozilla Firefox and Chrome browsers. Under Windows, the browsers will usually, but not always, have Java enabled by default. However, users are advised to check their respective browsers to ensure that Java plug-in is enabled. It is important that Bidders have an up to- date version of Java installed on any computer to be used for bidding in the Auctions.

Users who want to use Firefox and Chrome browsers will have to update Java Cryptography Extension (JCE) to strengthen the security from the default key size to unlimited key size. If this is not done prior to auction start date and time, user may face problem in login and bid submission.

EAS checks and updates the JCE policy from default key size to unlimited key size but if user doesn’t have administrator rights then user will have to update JCE policy by himself. To update the JCE policy, user needs to follow the instructions. Detailed instructions on the same can be found from the website, <https://dot.abcprocure.com/UpdateJCE.jsp>.

If Bidders are using Windows, Bidders can find out if they have Java installed on their respective computer using Sun Microsystems' Java installation verification tool which can be found at <http://www.java.com/en/download/installed.jsp>.

In these cases, Bidders may need to refer to their IT department or other suitably qualified persons to ensure that their PC has a Java installed and enabled on their browser, and that their Internet browser is correctly set up. Sun Microsystems' Java website at <http://java.com> may provide helpful information on how to do this. Please note that you may need appropriate administrative rights in order to install Java and digital certificates on the client computer.

A detailed manual and troubleshooting guide will be provided to qualified Bidders prior to the Auction. A mock auction will also be run to allow Bidders to test that they can access the EAS using the same authentication tokens as the Auction itself and to resolve any technical problems.

Bidders should ensure that their bidding computer is free from viruses, especially key-logging programs. It is the responsibility of bidders to ensure that bidding computer is functioning reliably and that appropriate computer security measures are in force. Once the digital certificate that authenticates the bidder has been installed on the bidding computer, the bidder should ensure that the bidding computer is kept securely and not accessible to unauthorised personnel.

### **11.6.3 Tool bar / Add Ons / Pop up blocker**

Bidders should ensure that there is no software installed on the computers that may be used for bidding that might interfere with the normal operation of their Internet browser. The bidders have to ensure that they do not use any pop-up blockers, such as those provided by Internet Explorer and complementary software, like for example the Google tool bar. This might, in certain cases depending on Bidders' settings, prevent the access of the EAS application.

### **11.6.4 Power Management Settings**

To ensure that Bidders do not face any delay or difficulty in smooth access during the Auction, it is recommended that Bidders:

- Turn off any power management features on their computer such as automatic hibernation or suspension; and
- disable any screensavers

### **11.6.5 Access of Other Software / Website during Auction**

It is recommended that Bidders do not open other web pages when they are accessing the EAS. Viewing other web pages (especially complex ones) at the same time as viewing EAS pages increases the risk of possible problems with their browser. Therefore, we recommend that ideally Bidders should dedicate one computer to running the EAS, and do not access other web pages or run other Applications on this computer while using the EAS. This will help to minimise the risk of crashes or other potential problems.

### 11.6.6 Internet Connection

In order to use the EAS, Bidders need an Internet connection. We recommend that Bidders use a reliable broadband Internet connection with a download bandwidth of 512kbit/s or higher. However, there are no complex graphics on any of the web pages served by the system. Wireless connections may be adequate, but it is important that the latency of network connections to the EAS does not exceed 20-30 seconds to ensure reliable access.

### 11.6.7 Display

Bidders are recommended to use a display with a screen resolution of 1024x768 (or higher). Bidders can use a lower screen resolution, but Bidders may find that some tables are more difficult to view.

## 11.7 Backup Procedures for making bids

### 11.7.1 Auction backup facilities

In the event of the main Auction server failing, the Auction will be resumed using backup facilities. The normal process for this would be the following:

- The Auction Administrator will advise Bidders directly of the need to switch to the back-up system and the time from which the back-up facility should be expected to be online and available to Bidders.
- If the primary Auction server is still available, log out normally. Otherwise, quit your Internet browser.
- Once back-up facilities are online, restart your Internet browser and enter the address of the back-up /DR server. Auction Administrator will provide this address separately to you. The TIL Auction team will contact you to check that you have successfully switched to the back-up facility.
- In the unlikely event of data loss or corruption affecting previous Rounds or failure of the back-up facility, there may be variation of these procedures at the absolute discretion of the DoT and Auction Administrator. This might include resuming the Auction from a previous Round (re-run of a clock round), if required.

### 11.7.2 Bidder Technical Problems

Bidders experiencing technical problems while accessing the EAS either before or during a Round should contact the Auction Administrator as soon as possible. Bidders will be provided with a telephone number and an email address to contact the Auction Administrator. In the event of problems accessing the EAS, Bidders should not rely on email to communicate with the Auction Administrator.

In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:

- Re-schedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started.
- Re-schedule the finishing time of a Clock Round in progress.

- Cancel a Clock Round in progress and re-run it.
- Grant one or more Bidders additional Extension Budget

The Auction Administrator will not grant any additional Extension Budget to one or more Bidders unless there is compelling evidence of technical failures affecting multiple bidders.

Telephone numbers and email addresses provided by Bidders as part of their application to bid in an Auction may be used by the Auction Administrator to contact any Bidder in the event that the Auction Administrator observes such a Bidder is having difficulties in accessing the EAS.

Any telephone calls between the Auction Administrator and a Bidder may be subject to password verification. The Auction Administrator may ask the Bidder for a password from a list of one-time passwords provided to the Bidder prior to the Auction.

Permission to submit Bids through means other than the EAS will not be granted.

**11.8 Definitions and Glossary of Terms**

Activity Rules	Shall have the meaning as described in Sections 5.3.5 and 6.3.5 for the Spectrum Auction in 1800MHz and 800MHz bands respectively
Aggregate Demand	The total number of Bids for the Blocks in the Service Area at a value equal to the Clock Round price in the last completed Clock Round.
AGR	Adjusted Gross Revenue
Applicant	Person making an Application
Application	Application for participating in Spectrum Auction in 1800MHz or 800MHz band or both, to pre-qualify for the Spectrum Auction in 1800MHz or 800MHz band or both respectively.
Application Form	Format for submitting the Application
Associated Licenses	Existing UAS / CMTS licensees that have a Common Parent.
Auctioneer	M/s. Times Internet Limited and M/s. e-Procurement Technologies Limited, in their capacity as advisers to the Government on the Auctions.
Auction Administrator	M/s. e-Procurement Technologies Limited, which will be responsible for the administration of the e-auction.
Auctions	Auction of the Spectrum in 1800MHz and 800MHz Bands.
Activity Requirement	The percentage of the Bidder’s Eligibility Points (rounded up to the nearest whole number) that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold is referred to as the Bidder’s Activity Requirement in that Clock Round.
Auction Rules	Rules governing the conduct of the Auctions.
Authorised Person	Nominated authorised person for future correspondence with the Applicant having a Power of Attorney from the Applicant empowering him / her to take all decisions

## Auction of Spectrum in 1800MHz and 800MHz Bands – Information Memorandum

	connected with the relevant Auctions on behalf of the Applicant. Materials essential for bidding in the Auction(s) will be provided to the Authorised Person using contact details provided in a Bidder's Application.
Bank Guarantee	A guarantee from a Scheduled Bank, in the prescribed format.
Bid	Bidder's statement in each Clock Round of the Clock Stage (in the form of a "Yes / No" choice and for the Number of Blocks) offering to purchase spectrum usage rights for a block in the specified service area at the current Clock Round price, in accordance with the terms and conditions.
Bidder	Pre-qualified Applicants that do not withdraw their Application before the withdrawal deadline.
Bidder Participation Notice	Notice issued to pre-qualified Bidders that shall include each pre-qualified Bidder's Earnest Money Deposit received, Initial Eligibility points and an EAS Manual.
CCA	Controller of Certifying Authorities.  Governing body under the Department of Electronics and Information Technology, Ministry of Communications & Information Technology authorized to issue license to the Certifying Authorities for issuance of Digital Signature Certificates.
CA	Certifying Authority.  Appointed by the CCA for issuance of Digital Signature Certificate.
CDMA	Code Division Multiple Access
Clock Round	Individual rounds of the Clock Stage as described in the Auction Rules.
Clock Stage	The first stage of the relevant Auctions as described in the Auction Rules.
CMTS	Cellular Mobile Telephone Service
Confidential Information	Any information which, if known to other

	Bidders, would be likely to affect the price that the other Bidders would be prepared to bid in any of the Auctions. Such information would include (but not necessarily be limited to) the Bidder’s business case, auction strategy and the highest price it is willing to bid for spectrum in any service area.
CVC	Central Vigilance Commission
DHQ	District Headquarter
DoT	Department of Telecommunications, Ministry of Communications & Information Technology, Government of India.
EAS	Electronic Auction System.
EAS Manual	A manual explaining how to use the EAS that shall be provided to pre-qualified Bidders.
EMD	Earnest Money Deposit. The earnest money (in the form of a Bank Guarantee from a Scheduled Bank) to be submitted along with the Application.
Eligibility Points	Number of points associated with a Block per Service Area based on the Reserve Price of spectrum in that particular Service Area.
Excess Demand	The total number of Blocks for which bids have been received in a Service Area at a Clock Round price equal to the Clock Round price set in the last completed Clock Round minus the number of blocks available in that service area.
Existing Telecom Service Provider	Those Bidders who are already providing telecom service in the respective Service Areas.
Extension Budget	The cumulative maximum period for which each Bidder is allowed to seek extension of Clock Rounds in accordance with the Auction Rules. Reductions from the Extension Budget to be carried out for the extended duration consumed; with parts rounded up.
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
Frequency Identification Stage	The second stage of the relevant Auctions as

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	described in the Auction Rules.
Government	Government of India.
Group Bidding Entity	A single entity nominated by Associated Licensees corresponding to a single Common Parent, which shall be authorised to bid on their behalf in the relevant Auctions.
GSM	Global System for Mobile Communications.
Initial Eligibility	Number of Eligibility Points allocated to a Bidder based on its Application and amount of Earnest Money Deposit, wherein the Eligibility Points are linked to the applicable Reserve Price for each Block of each Service Area.
Insider	Any party to whom Confidential Information in relation to a Bidder is disclosed.
IT	Information Technology
M&A	Merger & Acquisition
Mock Auction	A mock auction to familiarise the Bidders with the Auction Rules and bidding methodology.
New Bids	Bids in service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in service areas where the Bidder submits a bid in the current Clock Round.
New Entrant Bidders	Those Bidders who are currently not operating in the respective Service Areas.
Nomination Form	Joint undertaking nominating the Group Bidding Entity jointly executed by each of the Associated Licensees along with the Group Bidding Entity.
Notice	Notice Inviting Applications for participation in the Auctions together with any amendments thereof.
Ownership Compliance Certificate	An undertaking from the Applicant confirming that it complies with the ownership restrictions in view of the other Applicants.
Provisional Winning Bidders	Bidders who have submitted the Provisional Winning Bid.
Provisional Winning Bid	At the end of any Clock Round, The number of bids received for the number of Blocks



	(equivalent to the number of available blocks) in each Service Area according to the values of the bids and then, if necessary, using the tie-breaking criteria.
Provisional Winning Price	The lowest round clock price at which the Provisional Winning Bids are submitted.
Reserve Price	The minimum bid price per block in each service area as determined by the Government and notified.
Successful Bidder(s)	The Bidder(s) who at the end of the relevant Auctions is confirmed as a Winning Bidder(s) for a particular service area by the Government.
UASL	Unified Access Service License
UL	Unified License