

# **Auction of 3G and BWA Spectrum**

## **Revised Information Memorandum**

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

23<sup>rd</sup> October 2009

## **Important Notice**

This Revised 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 the 2.1GHz, 800MHz and 2.3GHz bands by auction. Terms and expressions used in this Important Notice are as defined in Annexure K 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.

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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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## **I INTRODUCTION**

### **1.1 Summary**

#### ***1.1.1 Introduction***

This Revised Information Memorandum (the “Memorandum”) provides information for those parties wishing to bid for spectrum to support Third Generation (“3G”) mobile services and Broadband Wireless Access (“BWA”) in India. It supplements and updates the guidelines that were issued by the Department of Telecommunications (“DoT”) on 1<sup>st</sup> August, 2008 along with the amendments issued on 11<sup>th</sup> September, 2008 (“Guidelines”). Further, it substitutes the Information Memorandum issued on 12<sup>th</sup> December 2008. Copies of these documents are available at the Auctions website.

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 the 2.1GHz band (the “3G Auction”), radio spectrum in the 800MHz band (the “800MHz Auction”) and radio spectrum in the 2.3GHz band (the “BWA 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 for participation in the Auction(s) (the “Notice”). 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 take precedence.

The Government of India (the “Government”) is keen that potential new entrants to the Indian telecommunications sector, as well as existing operators, should be encouraged to take part in the Auctions. To this end, the Government is taking a number of pro-competitive steps to enhance the commercial attractiveness of the 3G and BWA business plans for all operators as well as to provide new entrants with the opportunity to bid for the spectrum being auctioned and subsequently roll out their networks on a more equal footing with existing operators. Some of these steps include:

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- Allowing Prospective New Entrants to apply for Universal Access Service (“UAS”) licences after the award of spectrum (but before start of operations);
- Allowing foreign operators with experience of offering 3G services, wishing to enter the Indian mobile services market, the flexibility to bid for spectrum on their own and then transfer it to a Company incorporated in India;
- Launch of the process for implementation of Mobile Number Portability (“MNP”), which is expected to become effective in the metro and A circles by December 2009;
- Steps have been initiated for ensuring greater availability of spectrum over a period of time;
- External Commercial Borrowing (“ECB”) guidelines have been relaxed to permit ECB up to US\$ 500 million to finance spectrum acquisition fees in the 3G Auction.

Furthermore, the following measures are being evaluated by the Government:

- Relaxation of ECB guidelines in respect of the BWA Auction;
- Allowing the amount paid for spectrum through the Auctions to be treated as capital asset, which would be amortisable for tax computation purposes.

Decision on these measures would be taken in consultation with the Ministry of Finance.

The Government strongly encourages mobile network operators to share passive infrastructure such as masts and/ or sites and active infrastructure (excluding spectrum) such as antennas, feeder cable, Node B, Radio Access Network (“RAN”) and transmission systems in order to reduce the cost of deployment and to minimise the environmental impact of networks. Recent years have seen the growth of several telecom tower companies offering passive infrastructure sharing services.

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

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

- Obtain a market determined price of 3G/ BWA spectrum through a transparent process;
- Ensure efficient use of spectrum and avoid hoarding;
- Stimulate competition in the sector;
- Promote rollout of 3G and Broadband services;
- Maximise revenue proceeds from the Auctions;
- Resolve congestion issues related to second generation (“2G”) mobile services.



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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:

#### 1.1.3.1 For the spectrum in 2.1GHz band (“3G Spectrum”):

Any entity:

- (i) that holds a UAS/ Cellular Mobile Telephone Service (“CMTS”) licence; or
- (ii) that:
  - (a) has previous experience of running 3G telecom services either directly or through a majority-owned subsidiary; and
  - (b) gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per the DoT guidelines before starting telecom operations

can bid for 3G Spectrum (subject to other provisions of the Notice).

For the purpose of Clause 1.1.3.1 (ii)(a), a wholly and directly-owned company shall be entitled to use the qualifications of its owner.

#### 1.1.3.2 For the spectrum in 800MHz band (“800MHz Spectrum”):

Any existing UAS licensee that is entitled to provide services in the 800MHz frequency band in a telecom service area (“UAS-CDMA Operator”) can bid for 800MHz Spectrum (subject to other provisions of the Notice) in that telecom service area.

#### 1.1.3.3 For the spectrum in 2.3GHz band (“BWA Spectrum”):

Any entity:

- (i) that holds a UAS/ CMTS licence; or
- (ii) that holds an Internet Service Provider (“ISP”) licence (category ‘A’ or ‘B’);  
or
- (iii) that gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per the DoT guidelines before starting telecom operations; or

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- (iv) that gives an undertaking to obtain an ISP category ‘A’ licence through a New Entrant Nominee ISP Licensee as per the DoT guidelines before starting telecom operations

can bid for BWA Spectrum (subject to other provisions of the Notice).

Successful Bidders in the BWA Auction that currently hold an ISP-category ‘B’ licence will be required to migrate to an ISP-category ‘A’ licence, at no additional cost, before they are awarded the BWA Spectrum.

For the sake of clarity, the DoT guidelines stipulate that a UAS licence or an ISP licence can only be awarded to an Indian Company<sup>1</sup>. Hence, foreign applicants will need to form an Indian subsidiary to obtain a UAS licence or an ISP-category ‘A’ licence. However, they are allowed to participate in the Auctions directly and apply for a licence subsequently through an Indian subsidiary.

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.

### Associated Licensees

In addition, the following participation restrictions would apply in the case of Associated Licensees.

For the purpose of the 3G 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 the 800MHz Auction, Associated Licensees are defined as existing UAS licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company. In the case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of the BWA Auction, Associated Licensees are defined as existing UAS/ CMTS/ ISP licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company. In the case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding.

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<sup>1</sup> A Company registered in India under the Companies Act, 1956.

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

<sup>3</sup> 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.

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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.

In case a Group Bidding Entity is declared the Successful Bidder in any service area in the 3G Auction, 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 UAS licence in that service area (“Nominee UAS Licensee”). In case the Nominee UAS Licensee is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS 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 service area in the BWA Auction, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area (even after taking into account the migration to an ISP-category ‘A’ licence), 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 UAS licence or an ISP category ‘A’ licence (“Nominee ISP Licensee”) in that service area. In case the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, 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.

### ***1.1.4 3G mobile***

3G systems represent the next step in the evolution of mobile cellular communication. 2G systems focus on voice communication, while 3G systems support increased data communication. They allow high speed data transfer of at least 144 kbps, mobile Internet access, entertainment, and triple-play converged communications services, and have markedly greater capacity and spectrum efficiency than 2G systems.

### ***1.1.5 Broadband wireless access***

BWA technologies enable high-speed data communication over wireless links. BWA may offer significant advantages over fixed line broadband systems based on cable networks or DSL in terms of better coverage, speedy deployment, high scalability, lower maintenance and upgrade costs, and phased investment to match market growth.

### ***1.1.6 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.

The DoT has decided to award the 3G Spectrum, the 800MHz Spectrum and the BWA Spectrum by means of an auction process. However, the DoT reserves the right to use any other means to allocate the spectrum as it may deem fit without giving any reason whatsoever. It further reserves the right to abandon one or more of the Auctions at any time prior to the award of spectrum as it may deem fit without giving any reason whatsoever.

### ***1.1.7 Spectrum to be auctioned***

Rights to use spectrum at specified frequencies in the following bands (subject to fulfilment of eligibility conditions) for a specified period are being offered for award in the 3G Auction, the 800MHz Auction and the BWA Auction, respectively:

#### ***3G Auction***

- 2.1GHz

#### ***800MHz Auction***

- 800MHz

#### ***BWA Auction***

- 2.3GHz
- Spectrum in the 2.5GHz band will be auctioned after the outstanding issues of interference with the Mobile Satellite System of Department of Space are resolved.

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

In the case of the 3G Auction, the Government has decided to auction upto 20 MHz of paired spectrum in the 2.1GHz band in the telecom service areas where 25 MHz or more paired spectrum is available. In such cases, four blocks of 2X5 MHz will be

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auctioned in addition to one block being reserved for BSNL/ MTNL. In telecom service areas where less than 25 MHz paired spectrum is available in the 2.1GHz band, the actual amount of available spectrum in blocks of 2X5 MHz will be allocated, with one block being reserved for BSNL/ MTNL.

Indicative details of the number of 2x5 MHz 3G Spectrum blocks that will be auctioned are provided by service area in the following table:

**Table 1. Service area-wise 3G Spectrum to be auctioned (indicative)**

Service area	Category	Reserve price (Rs. cr)	Total paired frequency bandwidth to be allocated (MHz)	No. of blocks of 2x5 MHz to be allocated	No. of blocks of 2x5 MHz reserved for BSNL/ MTNL	No. of blocks of 2x5 MHz available for auction
Delhi	Metro	320.00	15	3	1	2
Mumbai	Metro	320.00	25	5	1	4
Kolkata	Metro	120.00	25	5	1	4
Maharashtra	A	320.00	25	5	1	4
Gujarat	A	320.00	15	3	1	2
Andhra Pradesh	A	320.00	25	5	1	4
Karnataka	A	320.00	25	5	1	4
Tamil Nadu	A	320.00	25	5	1	4
Kerala	B	120.00	25	5	1	4
Punjab	B	120.00	25	5	1	4
Haryana	B	120.00	25	5	1	4
Uttar Pradesh (E)	B	120.00	25	5	1	4
Uttar Pradesh (W)	B	120.00	20	4	1	3
Rajasthan	B	120.00	0	0	na	0
Madhya Pradesh	B	120.00	25	5	1	4
West Bengal	B	120.00	10	2	1	1
Himachal Pradesh	C	30.00	20	4	1	3
Bihar	C	30.00	25	5	1	4
Orissa	C	30.00	25	5	1	4
Assam	C	30.00	25	5	1	4
North East	C	30.00	5	1	1	0
Jammu & Kashmir	C	30.00	25	5	1	4

*Any change in spectrum to be auctioned would be notified in the Notice.*

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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.

1 block of 2x5MHz spectrum in the 2.1GHz band has been allocated to MTNL (in Delhi and Mumbai) and BSNL (in all other service areas where a block is available).

In the case of the 800MHz Auction, the Government intends to auction one block of 2x1.25 MHz spectrum in each of the circles where atleast two carriers of 2x1.25 MHz are available. Details of the number of 2x1.25 MHz spectrum blocks being auctioned are provided in the following table:

<b>Table 2. Service area-wise 800MHz Spectrum to be auctioned</b>							
<b>Service area</b>	<b>Cate- gory</b>	<b>Reserve price (Rs. cr)</b>	<b>No. of blocks of 2x1.25 MHz to be allotted</b>	<b>Service area</b>	<b>Cate- gory</b>	<b>Reserve price (Rs. cr)</b>	<b>No. of blocks of 2x1.25 MHz to be allotted</b>
Delhi	Metro	80.00	0	Uttar Pradesh (E)	B	30.00	1
Mumbai	Metro	80.00	0	Uttar Pradesh (W)	B	30.00	1
Kolkata	Metro	30.00	1	Rajasthan	B	30.00	0
Maharashtra	A	80.00	0	Madhya Pradesh	B	30.00	1
Gujarat	A	80.00	1	West Bengal	B	30.00	1
Andhra Pradesh	A	80.00	0	Himachal Pradesh	C	7.50	1
Karnataka	A	80.00	1	Bihar	C	7.50	1
Tamil Nadu	A	80.00	1	Orissa	C	7.50	1
Kerala	B	30.00	1	Assam	C	7.50	1
Punjab	B	30.00	0	North East	C	7.50	1
Haryana	B	30.00	1	Jammu & Kashmir	C	7.50	1

In case of spectrum to be awarded in the BWA Auction, the Government intends to auction 2 blocks of 20MHz unpaired spectrum in each of the 22 service areas<sup>4</sup> in the 2.3GHz band. Details of the number of 20 MHz unpaired BWA Spectrum blocks that will be auctioned are provided by service area in the following table:

<sup>4</sup> For the BWA Auction, service area definition will be as per the UAS licence conditions. To clarify, Chennai would be included in the Tamil Nadu circle.

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

**Table 3. Service area-wise BWA Spectrum to be auctioned**

Service area	Reserve price (Rs. cr)	Total unpaired frequency bandwidth to be auctioned in the 2.3Ghz band (MHz)	No. of blocks of 20 MHz to be auctioned	No. of blocks of 20 MHz reserved for BSNL/ MTNL in the 2.5GHz band
Delhi	160.00	40	2	1
Mumbai	160.00	40	2	1
Kolkata	60.00	40	2	1
Maharashtra	160.00	40	2	1
Gujarat	160.00	40	2	1
Andhra Pradesh	160.00	40	2	1
Karnataka	160.00	40	2	1
Tamil Nadu	160.00	40	2	1
Kerala	60.00	40	2	1
Punjab	60.00	40	2	1
Haryana	60.00	40	2	1
Uttar Pradesh (E)	60.00	40	2	1
Uttar Pradesh (W)	60.00	40	2	1
Rajasthan	60.00	40	2	1
Madhya Pradesh	60.00	40	2	1
West Bengal	60.00	40	2	1
Himachal Pradesh	15.00	40	2	1
Bihar	15.00	40	2	1
Orissa	15.00	40	2	1
Assam	15.00	40	2	1
North East	15.00	40	2	1
Jammu & Kashmir	15.00	40	2	1

1 block of 20MHz unpaired spectrum in the 2.5GHz band has been allocated to MTNL (in Delhi and Mumbai) and BSNL (in all other service areas).

Not more than 1 block of 3G Spectrum, 1 block of 800MHz Spectrum and 1 block of BWA Spectrum shall be allocated to any single Bidder in a service area.

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

## **Auction of 3G and BWA Spectrum – Revised Information Memorandum**

the availability of additional spectrum due to various agencies currently utilising spectrum.

### ***1.1.8 Pre-qualification process***

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.

### ***3G Auction***

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;
- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>	<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>
Delhi	Metro	40.00	Uttar Pradesh (E)	B	20.00
Mumbai	Metro	40.00	Uttar Pradesh (W)	B	20.00
Kolkata	Metro	20.00	Rajasthan	B	20.00
Maharashtra	A	40.00	Madhya Pradesh	B	20.00
Gujarat	A	40.00	West Bengal	B	20.00
Andhra Pradesh	A	40.00	Himachal Pradesh	C	7.50
Karnataka	A	40.00	Bihar	C	7.50
Tamil Nadu	A	40.00	Orissa	C	7.50
Kerala	B	20.00	Assam	C	7.50
Punjab	B	20.00	North East	C	7.50
Haryana	B	20.00	Jammu & Kashmir	C	7.50

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 metro, A, B and C service areas that they would like to participate in the 3G Auction for;



## **Auction of 3G and BWA Spectrum – Revised Information Memorandum**

- Nomination of an authorised person, who is empowered to take all decisions connected with the relevant Auctions on the Bidder's behalf and correspond on behalf of the Applicant with the Government/ Auctioneer (the "Authorised Person"), along with a Power of Attorney empowering her/ him for the same;
- 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 3G 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 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 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:

- A statement of relevant previous experience of running 3G telecom services either directly or through a majority-owned subsidiary;
- An undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS 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 UAS 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.

### ***800MHz Auction***

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;

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- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

**Table 5. Service area-wise earnest money amount for 800MHz Auction**

Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Delhi	Metro	10.00	Uttar Pradesh (E)	B	5.00
Mumbai	Metro	10.00	Uttar Pradesh (W)	B	5.00
Kolkata	Metro	5.00	Rajasthan	B	5.00
Maharashtra	A	10.00	Madhya Pradesh	B	5.00
Gujarat	A	10.00	West Bengal	B	5.00
Andhra Pradesh	A	10.00	Himachal Pradesh	C	1.87
Karnataka	A	10.00	Bihar	C	1.87
Tamil Nadu	A	10.00	Orissa	C	1.87
Kerala	B	5.00	Assam	C	1.87
Punjab	B	5.00	North East	C	1.87
Haryana	B	5.00	Jammu & Kashmir	C	1.87

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 metro, A, B and C service areas that they would like to participate in the 800MHz Auction for. However Bidders may note that they can bid for spectrum for only those circles where they are a UAS-CDMA Operator;

- Nomination of an authorised person, who is empowered to take all decisions connected with the relevant Auctions on the Bidder's behalf and correspond on behalf of the Applicant with the Government/ Auctioneer, along with a Power of Attorney empowering her/ him for the same;
- 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 intend to participate in the 800MHz 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.

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

### ***BWA Auction***

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;
- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

**Table 6. Service area-wise earnest money amount for BWA Auction**

Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Delhi	Metro	20.00	Uttar Pradesh (E)	B	10.00
Mumbai	Metro	20.00	Uttar Pradesh (W)	B	10.00
Kolkata	Metro	10.00	Rajasthan	B	10.00
Maharashtra	A	20.00	Madhya Pradesh	B	10.00
Gujarat	A	20.00	West Bengal	B	10.00
Andhra Pradesh	A	20.00	Himachal Pradesh	C	3.75
Karnataka	A	20.00	Bihar	C	3.75
Tamil Nadu	A	20.00	Orissa	C	3.75
Kerala	B	10.00	Assam	C	3.75
Punjab	B	10.00	North East	C	3.75
Haryana	B	10.00	Jammu & Kashmir	C	3.75

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 metro, A, B and C service areas that they would like to participate in the BWA Auction for;

- Nomination of an authorised person, who is empowered to take all decisions connected with the relevant Auctions on the Bidder's behalf and correspond on behalf of the Applicant with the Government/ Auctioneer, along with a Power of Attorney empowering her/ him for the same;
- In case of Associated Licensees, the following are additionally required to be submitted alongwith the Application:

## **Auction of 3G and BWA Spectrum – Revised Information Memorandum**

- 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 intend to participate in the BWA 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/ ISP (category ‘A’ or ‘B’) licensees (even after taking into account the migration to ISP-category ‘A’ licence), an undertaking confirming that, if the Applicant is successful in winning spectrum in any such service area, it shall acquire a UAS licence or an ISP-category ‘A’ 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 licence or an ISP-category ‘A’ licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

Prospective Bidders that are not existing UAS/ CMTS/ ISP (category ‘A’ or ‘B’) 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 licence or an ISP-category ‘A’ 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 the UAS licence or the ISP-category ‘A’ 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.

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 3G Auction, the 800MHz Auction and the BWA Auction, in the prescribed formats, respectively.

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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.

### *1.1.9 The Auctions*

The award of 3G Spectrum, 800MHz Spectrum and BWA Spectrum shall be conducted as separate and distinct processes.

Each of the Auctions will be a simultaneous ascending e-auction, run over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) to be used for participation in the Auctions using standard web browsing software.

Prior to the relevant Auction, pre-qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a digital certificate (supplied on CDROM that will need to be installed on any computer used for bidding) and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auctioneer without delay.

Qualified bidders will be provided with a detailed manual explaining how to use the EAS (the “EAS manual”). This documentation and authentication tokens will be provided to bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure I, though the EAS manual should be taken as definitive in this regard.

Winning Bidders of a spectrum block in each service area will be determined in the first stage, a Clock Stage, which will allocate spectrum blocks available simultaneously for all service areas. A second stage, an Assignment Stage, will allocate specific frequencies within each service area.

More specifically, each of the Auctions will involve the following two-stage process:

- **Clock Stage:** A Clock Stage will establish the Bidders to be awarded a block in each telecom service area where there is at least one block available to auction. In this stage, in each service area Bidders will bid for a block (i.e. a right to a single spectrum block not linked to any specific frequency). The

## **Auction of 3G and BWA Spectrum – Revised Information Memorandum**

Clock Stage will consist of a number of rounds (the “Clock Rounds”). These rounds will stop once (i) for every service area where spectrum is available 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; and (ii) there are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the Clock Stage can close are described subsequently). This will establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;

- **Assignment Stage:** The Clock Stage will be followed by an Assignment Stage that will allocate specific frequencies available to the Winning Bidders identified in the Clock Stage in case of service areas where more than one spectrum block is being auctioned. The assignments will be announced simultaneous with the outcome of the Clock Stage. In the case of the 3G and BWA Auctions, the initial allocation of the frequencies will be done randomly by the software. In the case of the 800MHz Auction, the Winning Bidder in a service area will be allocated the single spectrum block available in that service area. The Government reserves the right to change this allocation over the duration of the licence period where this may promote spectrum efficiency.

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

It is clarified that the award of spectrum for each service area would be independent of the award of spectrum for the other service areas and Bidders would not be allowed to put in a contingent Bid.

The Auction Rules are detailed in Chapter VIII, Chapter IX and Chapter X for the 3G Auction, the 800MHz Auction and the BWA Auction respectively.

### ***1.1.10 The Mock Auction***

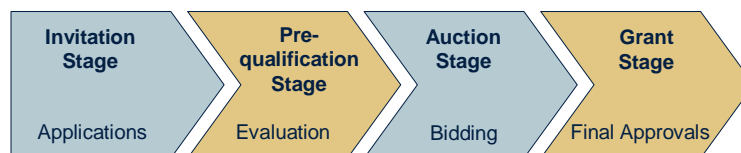
For the benefit of Bidders, a Mock Auction shall be conducted to familiarise the Bidders with the Auction Rules and bidding methodology for each of the Auctions (the “Mock Auctions”). The tentative dates for the Mock Auction are the 11<sup>th</sup> and 12<sup>th</sup> January, 2010. Any change in the dates of the Mock Auction shall be notified through the Auctions website, at least 24 hours in advance of the start of the Mock Auctions.

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### **1.1.11 Timetable**

The Auctions shall be carried out in 4 stages as below:

**Figure 1. Stages in the Auction process**



There is no pre-set timetable and the Government reserves the right to determine the overall timetable of the Auctions or to amend it from time to time. However, the table below sets out an indicative timetable.

**Table 7. Indicative Timetable**

Deadline for submission of questions for pre-bid conference	13 <sup>th</sup> November, 2009
Pre-bid conference	16 <sup>th</sup> November, 2009
Issue of clarifications, if any	27 <sup>th</sup> November, 2009
Notice Inviting Applications	8 <sup>th</sup> December, 2009
Final date for Applications	21 <sup>st</sup> December, 2009
Publication of ownership details of Applicants	24 <sup>th</sup> December, 2009
Bidder Ownership Compliance Certificate	4 <sup>th</sup> January, 2010
Pre-qualification of Bidders	7 <sup>th</sup> January, 2010
Mock Auction	11 <sup>th</sup> -12 <sup>th</sup> January, 2010
Start of the 3G Auction	14 <sup>th</sup> January, 2010
Start of the 800MHz and BWA Auctions	2 days from the day of close of the 3G Auction
Payment of Bid Deposit by Successful Bidders	Within 5 calendar days of the close of the relevant Auction
Payment of the balance amount (Successful Bid Amount less Bid Deposit)	Within 15 calendar days of the close of the relevant Auction

**Note:**

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

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

Recipients wishing to pre-qualify should refer to Chapter V of the Memorandum and the provisions of the Notice. Contacts for enquiries or further information are provided in Chapter XII 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**

NM Rothschild & Sons (India) Private Limited and DotEcon 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.



**II INDIAN WIRELESS MOBILE SECTOR**

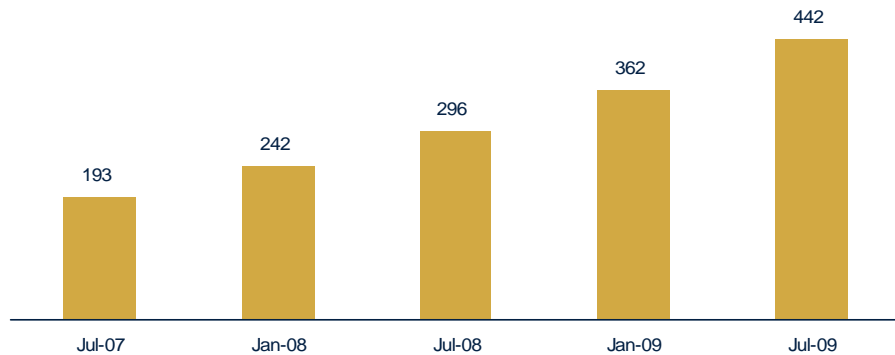
**2.1 Sector overview**

The Indian market for telecom services is one of the fastest growing 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 wireless services stood at 38% at the end of July 2009, while the year-on-year growth in mobile subscribers in the last year was c.49%.

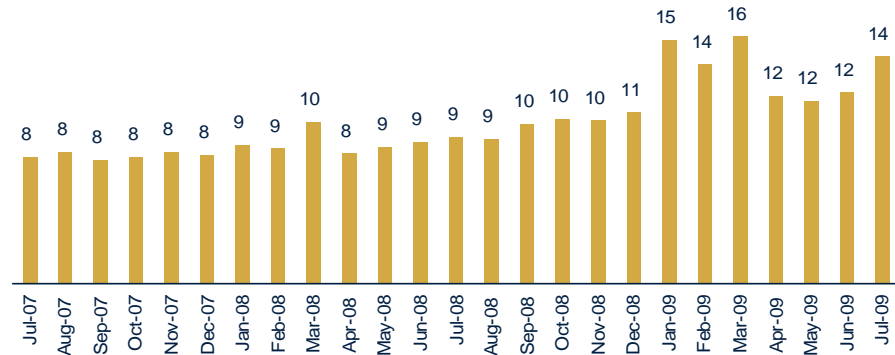
The following charts illustrate the rapid growth in mobile subscribers currently taking place in India. As can be seen from the following figures, the industry has been consistently adding more than 10 million subscribers every month in recent times.

**Figure 2. Wireless subscriber base (million)**



**Notes**  
COAI, AUSPI

**Figure 3. Monthly net wireless subscriber additions (million)**



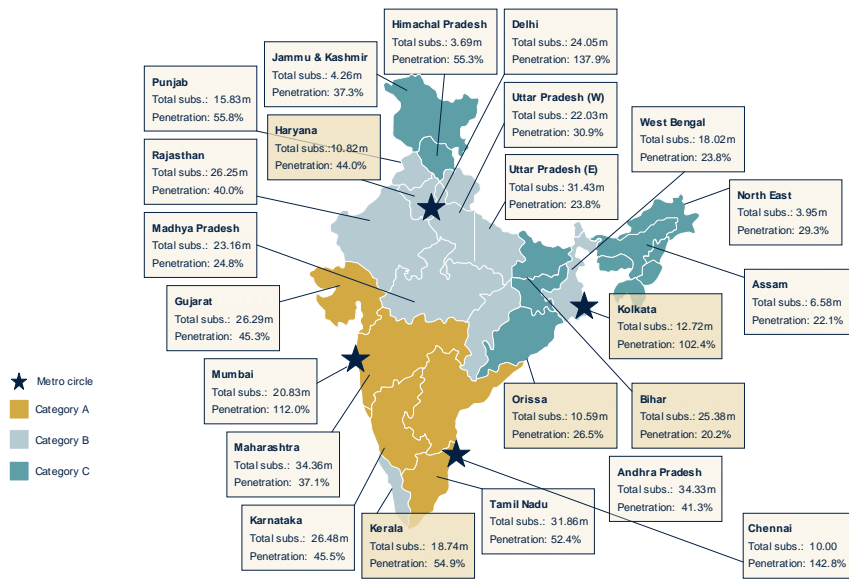
**Notes**  
COAI, AUSPI

**2.2 Service areas**

India is divided into 22 service areas (metropolitan service areas and telecom circles). An operator wishing to operate in a particular service area is required to have a licence specific to that service area. Based on their characteristics and commercial attractiveness, the service areas are categorised into 4 groups: Metro, category A, category B and category C.

The following figure gives an overview of the 22 service areas. Detailed definition of the service areas is provided in Annexure B.

**Figure 4. Overview of service areas**



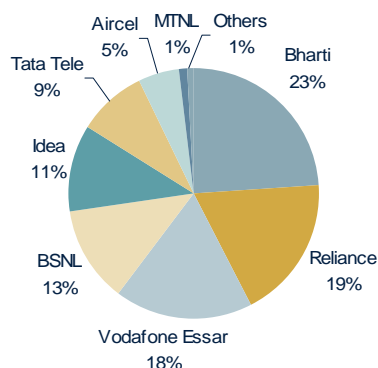
**Notes**  
Chennai and Tamil Nadu service areas have been merged into one.

**2.3 Key players**

The following chart shows the key players in the Indian mobile services market and their market shares by subscribers on an all-India basis.

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**Figure 5. Share of Indian subscriber base, July '09**



Source COAI, AUSPI

However, the competition dynamics vary across service areas. The following chart shows the service area-wise subscriber figures for major players:

**Table 8. Wireless subscriber breakdown – by service area and operator, July 09**

<i>Fig in million</i>	Bharti	RC	VE	BSNL	TTSL	Idea	Aircel	Sistema	Loop	HFCL	Total subs	Penetration
<b>Metro</b>												
Delhi	5.2	4.7	4.3	2.1	5.0	2.3	0.4	-	-	-	24.0	137.9%
Mumbai	2.8	4.7	4.7	2.5	2.6	1.0	0.3	-	2.4	-	20.8	112.0%
Kolkata	2.6	3.1	3.1	1.6	1.6	-	0.6	0.1	-	-	12.7	102.4%
<b>Circle A</b>												
Maharashtra	6.1	5.5	5.6	4.0	5.0	8.1	0.0	-	-	-	34.4	37.1%
Gujarat	4.5	4.6	8.8	2.7	1.5	4.2	-	-	-	-	26.3	45.3%
Andhra Pradesh	10.4	6.0	4.6	3.9	3.7	5.5	0.3	-	-	-	34.3	41.3%
Karnataka	10.7	4.6	4.1	3.1	1.9	1.8	0.2	-	-	-	26.5	45.5%
Chennai	2.4	1.4	1.6	1.2	0.6	-	2.7	0.1	-	-	10.0	142.8%
Tamil Nadu	7.1	4.3	5.9	3.9	1.1	0.2	9.3	0.2	-	-	31.9	52.4%
<b>Circle B</b>												
Kerala	2.7	2.9	3.6	3.5	1.1	4.7	0.2	0.1	-	-	18.7	54.9%
Punjab	4.0	1.9	2.4	3.1	1.5	2.6	-	-	-	0.4	15.8	55.8%
Haryana	1.3	2.0	2.4	2.0	1.4	1.7	-	-	-	-	10.8	44.0%
Uttar Pradesh (West)	2.6	4.6	4.9	2.9	2.4	4.6	0.2	-	-	-	22.0	30.9%
Uttar Pradesh (East)	6.9	6.0	7.7	6.6	1.6	2.4	0.2	-	-	-	31.4	23.8%
Rajasthan	8.1	3.8	5.7	3.4	2.7	1.6	-	0.9	-	-	26.3	40.0%
Madhya Pradesh	5.3	6.8	0.7	3.2	1.4	5.7	-	-	-	-	23.2	24.8%
West Bengal	4.2	3.5	5.6	2.1	1.1	-	1.4	0.1	-	-	18.0	23.8%
<b>Circle C</b>												
Himachal Pradesh	1.1	1.1	0.1	1.0	0.1	0.2	0.2	-	-	-	3.7	55.3%
Bihar	8.8	6.2	1.6	3.2	2.0	1.7	1.9	0.0	-	-	25.4	20.2%
Orissa	3.6	2.3	0.6	1.8	1.0	0.2	1.0	-	-	-	10.6	26.5%
Assam	1.8	1.4	0.3	1.0	0.1	-	1.9	-	-	-	6.6	22.1%
North East	1.1	0.5	0.3	0.9	0.0	-	1.2	-	-	-	3.9	29.3%
Jammu & Kashmir	1.8	0.2	0.1	0.9	0.1	-	1.0	-	-	-	4.3	37.3%
<b>Total subscribers</b>	<b>105.2</b>	<b>82.0</b>	<b>78.7</b>	<b>60.6</b>	<b>39.4</b>	<b>48.5</b>	<b>23.1</b>	<b>1.5</b>	<b>2.4</b>	<b>0.4</b>	<b>441.7</b>	<b>38.0%</b>
<b>Market share (sub)</b>	<b>23.8%</b>	<b>18.6%</b>	<b>17.8%</b>	<b>13.7%</b>	<b>8.9%</b>	<b>11.0%</b>	<b>5.2%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.1%</b>		

Source COAI, AUSPI

Notes:

RC – Reliance Communications Limited

VE – Vodafone Essar Limited

BSNL – Bharat Sanchar Nigam Limited (includes MTNL in Delhi and Mumbai)

TTSL – Tata Teleservices Limited (includes TTML in Mumbai and Maharashtra)

Idea – includes Spice subscribers

In addition, in several service areas, there are new licence-holders who are yet to launch commercial operations.

### 2.4 Outlook

Given the low penetration levels, and the rapid growth of the economy, the growth in subscriber base is expected to continue at a rapid pace in the medium term. The following figure shows estimates by various research houses on the potential growth in subscriber base by 2012:

**Figure 6. Subscriber forecast (by 2012) (million)**



Source Broker notes

The Government believes that there is potential for the industry to reach the 700 million subscriber mark by 2012 and is committed to helping the industry achieve this target.

### 2.5 Technology

An operator is free to choose the technology for providing mobile services. Both GSM and CDMA technologies are being employed in India for providing mobile services. At present, GSM comprises approximately 76% of the subscriber base.

### 2.6 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 1995, two licences were issued for each of the four metropolitan service areas.

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

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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 was approved on 26<sup>th</sup> March 1999, to become effective from 1<sup>st</sup> April 1999. 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.

Key features of the NTP-99 include the following:

- Strengthening of the regulator;
- Opening up of national and international long distance services to private operators;
- Licensing of private telecom operators on a revenue sharing basis, in addition to a one-time entry fee;
- Direct interconnectivity and network sharing with other telecom operators within the service area permitted;
- Corporatisation of the DTS in 2001;
- Spectrum management made transparent and more efficient;
- BSNL and MTNL permitted to provide mobile services in those service areas where each was already providing fixed-line services. Accordingly, BSNL and MTNL became the third cellular services operators in such service areas.

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

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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.

In 2008, the Government awarded new licences to several operators in various service areas. Additionally, under the “crossover spectrum” policy, CDMA and GSM operators were made eligible to use both technologies under the same licence.

### *2.6.1 UAS licence – key features*

Key features of the UAS licence are described below. Annexure C contains the current draft UAS licence. Annexure D contains the current guidelines for obtaining a UAS licence. The Government reserves the right to amend the licence conditions and guidelines from time to time.

#### General conditions

- 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;
- There are separate licences for each of the 22 telecom service areas in India (refer to Annexure B for a description of the service areas);
- The licences are non-exclusive;
- The licensee should be an Indian company;
- The applicant for a licence (along with its promoters<sup>5</sup>) should have a prescribed minimum net worth depending on the number and category of

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<sup>5</sup> For this purpose, promoters are defined as entities holding at least 10% shares in the Company.

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service areas for which the licence has been applied for. Specifically, to apply for the licence in all 22 service areas, the minimum net worth required is Rs. 1,380 crore.

### Duration

- The duration of the licence is 20 years, extendable by 10 years at a time by mutual negotiation of terms between the licensor (the Government) and the licensee. The decision of the licensor shall be final in this regard.

### Ownership

- Foreign investment in the licensee company is allowed up to a maximum of 74%:
  - Foreign investment of up to 49% is permitted under the automatic route i.e. without requiring the prior approval of the FIPB;
  - Foreign investment above 49% requires FIPB approval. While approving the investment proposals, the FIPB shall, among other things, take note that investment is not coming from countries of concern and/ or unfriendly entities;
- At least one resident Indian promoter should hold at least 10% of the equity of the licensee company;
- Direct or indirect cross-holding of greater than 10% by a single entity between two UAS/ CMTS licensees in the same service area is not permitted.

### Security Conditions

- The Chief Officer in charge of technical network operations and the Chief Security Officer should be resident Indian citizens;
- Details of the licensee's infrastructure/ network diagram could be provided on a need basis only to telecom equipment suppliers/ manufacturers and the affiliate/ parents of the licensee company.

*Please refer to the guidelines for details.*

### Mergers and Acquisitions (“M&A”)

- M&A between two licensees within the same service area is permitted provided:
  - Both licensees have held the licences for more than three years;
  - The merger does not result in less than three operators in the service area;
  - In case the merged entity holds excess spectrum (based on the subscriber-linked criteria for spectrum), it would need to be surrendered.

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### Commercial conditions

- Tariffs will be subject to regulation by TRAI. The TRAI may decide to regulate tariffs if it perceives that there is a lack of competition in any segment;
- There is a one-time non-refundable entry fee applicable for each service area (see schedule provided in this section for service area-wise entry fee). The applicable total entry fee for all the 22 service areas is Rs. 1,658.57 crore;
- The applicable recurring annual licence fee is 6-10% of revenue share;
- Spectrum usage charges (in addition to licence fees) are applicable on revenue share basis.

**Table 9. Service area-wise entry fee**

Service area	Entry fee (Rs. cr)	Service area	Entry fee (Rs. cr)
Delhi	170.70	Uttar Pradesh (E)	45.25
Mumbai	203.66	Uttar Pradesh (W)	30.55
Kolkata	78.01	Rajasthan	32.25
Maharashtra	189.00	Madhya Pradesh	17.45
Gujarat	109.01	West Bengal	1.00
Andhra Pradesh	103.01	Himachal Pradesh	1.10
Karnataka	206.83	Bihar	10.00
Tamil Nadu	233.00	Orissa	5.00
Kerala	40.54	Assam	5.00
Punjab	151.75	North East	2.00
Haryana	21.46	Jammu & Kashmir	2.00



### **III INDIAN BROADBAND SECTOR**

The Government recognizes the potential of Broadband to benefit the Indian economy and is committed to increasing Broadband penetration especially in rural areas. However, limited availability of last mile access has thus far impeded the growth of Broadband services in the country. Lack of adequate infrastructure has also meant that most connections are only at the minimum speed level (256kbps), thus limiting the utility of Broadband. The Government believes that the spectrum allocated in the current Auctions will catalyse the growth of Broadband in India through wireless technology.

#### **3.1 Broadband Policy**

The Government recognizes the potential of ubiquitous Broadband service in the growth of internet penetration and better communication, and economic growth as a potential consequence of these. Similarly, it recognises the opportunity presented by widespread high-speed access to information and web based communication for the enhancement of quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment and employment generation. It is in this spirit that the Government has announced its Broadband Policy in October 2004.

The main emphasis of the Broadband Policy is on the creation of infrastructure through various technologies that can contribute to the growth of Broadband services.

*As per the Broadband Policy, Broadband is defined as “An ‘always-on’ data connection that is able to support interactive services including Internet access and has the capability of the minimum download speed of 256 kilo bits per second (kbps) to an individual subscriber from the Point of Presence (POP) of the service provider intending to provide Broadband service where multiple such individual Broadband connections are aggregated and the subscriber is able to access these interactive services including the Internet through this POP. The interactive services will exclude any services for which a separate licence is specifically required, for example, real-time voice transmission, except to the extent that it is presently permitted under ISP licence with Internet Telephony”.*

The Government acknowledges that the coverage of Broadband services in the country has been limited to date due to infrastructure and other constraints and is committed to improving this. Promotion of wireless Broadband services is a step in that direction and the Government believes that it will be able to achieve the Broadband Policy target of 20 million subscribers by 2010.

#### **3.2 Subscriber numbers**

As part of the Broadband Policy, the Government had set the following targets for the number of Broadband subscribers in the country.

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**Table 10. Broadband targets**

Year	Internet subscribers <sup>6</sup>	Broadband subscribers
2005	6 million	3 million
2007	18 million	9 million
2010	40 million	20 million

The growth of Broadband services has not been as per expectations so far. The internet subscriber base (including Broadband, but excluding wireless internet subscribers) at the end of March 2009 was at 19.76 million while the Broadband subscriber base was at 6.22 million at the same time.

**Table 11. Internet and Broadband subscribers**

Subscribers (in million)	Dec 2004	Mar 2005	Mar 2006	Mar 2007	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009
Internet	5.45	5.55	6.94	9.27	11.09	11.66	12.24	12.85	13.54
Broadband	0.05	0.18	1.35	2.34	3.87	4.38	4.90	5.52	6.22
Wireless internet	-	-	-	31.30	65.50	75.97	88.27	101.10	117.82

Source TRAI

Notes

Wireless internet refers to subscribers that access Internet through GSM & CDMA networks

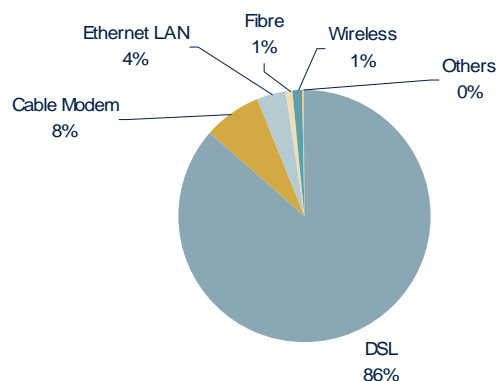
One of the key factors limiting the growth of Broadband in India has been the constraint on last mile access. The low fixed line penetration at c.3.5%, with not all of these lines capable of supporting Broadband, has resulted in limitations for operators to offer Broadband services. The Government believes that the spectrum allocated in the current Auctions will catalyse the growth of Broadband in India through wireless technology. Wireless operators would be able to cater for the substantial Broadband demand in the country enabling the Government to meet the Policy targets. Further, the spectrum available in the current Auctions would also assist in Broadband services reaching the remote areas of the country, and specifically in the rural segment, providing greater connectivity. The Government is committed to providing all requisite support to facilitate the growth of Broadband services.

### 3.3 Current Broadband access technologies

The following chart provides an analysis of the various technologies used for Broadband access in India. DSL has been the dominant technology for Broadband access so far with a c.86% share of Broadband connections. However, as noted above, availability of last mile copper has been a constraint in the growth of DSL connections.

<sup>6</sup> Includes Broadband subscribers

**Figure 7. Share of Indian Broadband subscriber base, Jun '08**



Source TRAI

Growth of Broadband applications has also been limited due to the fact that most connections are available only at the minimum speed level (256kbps).

**Table 12. Broadband users per connection speed**

Connection speed	% of Broadband subscribers
256 kbps	96%
512 kbps	<3%
>1 Mbps	<1%

Source TRAI

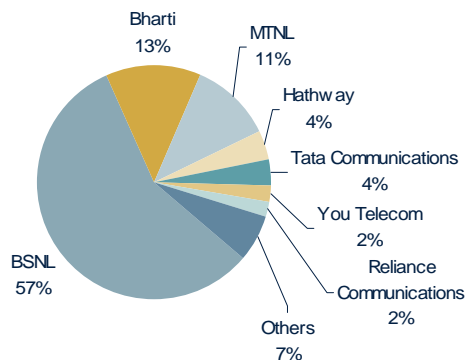
As per the Broadband Policy, wireless technologies would be encouraged in order to raise the penetration level of Broadband and internet services, as these address the issues with last mile connectivity, with the added advantage of serving remote and inaccessible areas.

There is a great opportunity for prospective bidders to enter the Broadband market by addressing the challenges faced so far in this market through use of wireless technology. The low penetration levels, even in urban centres, offer an attractive commercial opportunity for service providers. The increasing take-up of wireless internet (through mobile handsets) gives an indication of the potential opportunity this market offers.

### **3.4 Broadband service providers**

The Broadband industry in India is still evolving with a large number of operators in the market at present. There are over 70 Broadband service providers out of which the top 10 service providers have c.97% share of the total Broadband subscribers.

Figure 8. Share of Indian Broadband subscriber base, March 09



Source TRAI

### 3.5 Internet Service Provider Licence

Internet service sector was opened for private participation in 1998 with a view to encouraging growth of internet and increasing internet penetration. The Government has issued guidelines for the granting of licences for internet services on a non-exclusive basis. Key elements of the guidelines include the following<sup>7</sup>:

#### General conditions

- 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;
- In terms of geographical coverage, the following types of ISP licence categories exist:
  - Category ‘A’: This covers the territorial jurisdiction of the Union of India except specified areas that may be notified to be excluded from time to time;
  - Category ‘B’: Any of the 23 service areas as per the DoT guidelines;
  - The Government has stopped issuing Category ‘C’ licences, which related to any Secondary Switching Areas of DoT with geographical boundaries as on 1.4.98;
- The licences are non-exclusive;
- The licensee should be an Indian company;
- Scope of services provided for under the licence include the following:
  - Internet access including IPTV;

<sup>7</sup> Refer to Annexure E for draft of the ISP licence for category ‘A’ and to Annexure F for detailed guidelines for the issue of ISP licence.

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- Internet telephony by connecting PC to PC, within or outside India or PC in India to PSTN/ PLMN abroad. The ISP licensee is not permitted to have PSTN/ PLMN connectivity;
- All subscribers, except dial-up subscribers, have to be within the service area.

### Duration

- The validity of a licence is initially for a period of 15 years unless otherwise terminated. If requested by the licensee, extension may be granted by the licensor (the Government) on suitable terms and conditions for a period of five years or more at a time. The decision of the licensor shall be final in this regard.

### Ownership

- Foreign investment in the licensee company is allowed up to a maximum of 74%:
  - Foreign investment of up to 49% is permitted under the automatic route i.e. without requiring the prior approval of the FIPB;
  - Foreign investment above 49% requires FIPB approval. While approving the investment proposals, the FIPB shall, among other things, take note that investment is not coming from countries of concern and/ or unfriendly entities.

### Security Conditions

- The Chief Officer in charge of technical network operations and the Chief Security Officer should be resident Indian citizens;
- Details of the licensee's infrastructure/ network diagram could be provided on a need basis only to telecom equipment suppliers/ manufacturers and the affiliate/ parents of the licensee company.

*Please refer to the guidelines for details.*

### Commercial conditions

- Applicable one time entry fee is Rs. 20 lakh for a category 'A' licence and Rs. 10 lakh for a category 'B' licence;
- Annual licence fee is at 6% of the Adjusted Gross Revenues ("AGR") subject to a minimum of Rs. 50,000 per annum and Rs. 10,000 per annum per licensed service area for category 'A' and category 'B' respectively.

**IV SPECTRUM**

**4.1 Spectrum to be auctioned**

Rights to use spectrum at specified frequencies in the following bands (subject to fulfilment of eligibility conditions) for a specified period are being offered for award in the 3G Auction, the 800MHz Auction and the BWA Auction, respectively:

***3G Auction***

- 2.1GHz

***800MHz Auction***

- 800MHz

***BWA Auction***

- 2.3GHz
- Spectrum in the 2.5GHz band will be auctioned after the outstanding issues of interference with the Mobile Satellite System of Department of Space are resolved.

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 3G Spectrum or the 800MHz Spectrum, the Successful Bidder will also need to possess (or acquire) a UAS/ CMTS licence for the relevant service areas. Similarly, in order to provide BWA services using the BWA Spectrum, the Successful Bidder will also need to possess (or acquire) a UAS/ CMTS/ ISP-category 'A' licence. It may be clarified that the ISP licensees are currently not allowed to provide voice services (other than restricted telephony).

The spectrum shall be awarded individually for specific service areas.

In the case of the 3G Auction, the Government has decided to auction upto 20 MHz of paired spectrum in the 2.1GHz band in the telecom service areas where 25 MHz or more paired spectrum is available. In such cases, four blocks of 2X5 MHz will be auctioned in addition to one block being reserved for BSNL/ MTNL. In telecom service areas where less than 25 MHz paired spectrum is available in the 2.1GHz band, the actual amount of available spectrum in blocks of 2X5 MHz will be allocated, with one block being reserved for BSNL/ MTNL.

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Indicative details of the number of 2x5 MHz 3G Spectrum blocks that will be auctioned are provided by service area in the following table:

**Table 13. Service area-wise 3G Spectrum to be auctioned (indicative)**

Service area	Category	Reserve price (Rs. cr)	Total paired frequency bandwidth to be allocated (MHz)	No. of blocks of 2x5 MHz to be allocated	No. of blocks of 2x5 MHz reserved for BSNL/ MTNL	No. of blocks of 2x5 MHz available for auction
Delhi	Metro	320.00	15	3	1	2
Mumbai	Metro	320.00	25	5	1	4
Kolkata	Metro	120.00	25	5	1	4
Maharashtra	A	320.00	25	5	1	4
Gujarat	A	320.00	15	3	1	2
Andhra Pradesh	A	320.00	25	5	1	4
Karnataka	A	320.00	25	5	1	4
Tamil Nadu	A	320.00	25	5	1	4
Kerala	B	120.00	25	5	1	4
Punjab	B	120.00	25	5	1	4
Haryana	B	120.00	25	5	1	4
Uttar Pradesh (E)	B	120.00	25	5	1	4
Uttar Pradesh (W)	B	120.00	20	4	1	3
Rajasthan	B	120.00	0	0	na	0
Madhya Pradesh	B	120.00	25	5	1	4
West Bengal	B	120.00	10	2	1	1
Himachal Pradesh	C	30.00	20	4	1	3
Bihar	C	30.00	25	5	1	4
Orissa	C	30.00	25	5	1	4
Assam	C	30.00	25	5	1	4
North East	C	30.00	5	1	1	0
Jammu & Kashmir	C	30.00	25	5	1	4

*Any change in spectrum to be auctioned would be notified in the Notice.*

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.

1 block of 2x5MHz spectrum in the 2.1GHz band has been allocated to MTNL (in Delhi and Mumbai) and BSNL (in all other service areas where a block is available).

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In the case of the 800MHz Auction, the Government intends to auction one block of 2x1.25 MHz spectrum in each of the circles where atleast two carriers of 2x1.25 MHz are available. Details of the number of 2x1.25 MHz spectrum blocks being auctioned are provided in the following table:

**Table 14. Service area-wise 800MHz Spectrum to be auctioned**

Service area	Category	No. of blocks of 2x1.25 MHz to be allocated	Service area	Category	No. of blocks of 2x1.25 MHz to be allocated
Delhi	Metro	0	Uttar Pradesh (E)	B	1
Mumbai	Metro	0	Uttar Pradesh (W)	B	1
Kolkata	Metro	1	Rajasthan	B	0
Maharashtra	A	0	Madhya Pradesh	B	1
Gujarat	A	1	West Bengal	B	1
Andhra Pradesh	A	0	Himachal Pradesh	C	1
Karnataka	A	1	Bihar	C	1
Tamil Nadu	A	1	Orissa	C	1
Kerala	B	1	Assam	C	1
Punjab	B	0	North East	C	1
Haryana	B	1	Jammu & Kashmir	C	1

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.



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In case of spectrum to be awarded in the BWA Auction, the Government intends to auction 2 blocks of 20MHz unpaired spectrum in each of the 22 service areas<sup>8</sup> in the 2.3GHz band. Details of the number of 20 MHz unpaired BWA Spectrum blocks that will be auctioned are provided by service area in the following table:

**Table 15. Service area-wise BWA Spectrum to be auctioned**

Service area	Reserve price (Rs. cr)	Total unpaired frequency bandwidth to be auctioned in the 2.3GHz band (MHz)	No. of blocks of 20 MHz to be auctioned	No. of blocks of 20 MHz reserved for BSNL/ MTNL in the 2.5GHz band
Delhi	160.00	40	2	1
Mumbai	160.00	40	2	1
Kolkata	60.00	40	2	1
Maharashtra	160.00	40	2	1
Gujarat	160.00	40	2	1
Andhra Pradesh	160.00	40	2	1
Karnataka	160.00	40	2	1
Tamil Nadu	160.00	40	2	1
Kerala	60.00	40	2	1
Punjab	60.00	40	2	1
Haryana	60.00	40	2	1
Uttar Pradesh (E)	60.00	40	2	1
Uttar Pradesh (W)	60.00	40	2	1
Rajasthan	60.00	40	2	1
Madhya Pradesh	60.00	40	2	1
West Bengal	60.00	40	2	1
Himachal Pradesh	15.00	40	2	1
Bihar	15.00	40	2	1
Orissa	15.00	40	2	1
Assam	15.00	40	2	1
North East	15.00	40	2	1
Jammu & Kashmir	15.00	40	2	1

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.

<sup>8</sup> For the BWA Auction, service area definition will be as per the UAS licence conditions. To clarify, Chennai would be included in the Tamil Nadu circle.

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Not more than 1 block of 3G Spectrum, 1 block of 800MHz Spectrum and 1 block of BWA Spectrum shall be allocated to any single Bidder in a service area.

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.

### **4.2 Reservation for BSNL/ MTNL**

#### **3G Spectrum**

The Government has allocated one block of 2x5MHz of spectrum in Mumbai and Delhi for MTNL and one block of 2x5MHz of spectrum in the remaining service areas for BSNL. BSNL and MTNL shall not be participating in the Auctions, but will be required to match the Winning Price achieved in the in the respective service areas in the 3G Auction, as consideration for the spectrum.

#### **BWA Spectrum**

The Government has allocated one block of 20MHz of unpaired spectrum in Mumbai and Delhi for MTNL and one block of 20MHz of unpaired spectrum in the remaining service areas for BSNL. BSNL and MTNL shall not be participating in the Auction, but will be required to match the Winning Price achieved in the respective service areas in the BWA Auction, as consideration for the spectrum.

The frequencies that have been allocated for use by MTNL/ BSNL in the various service areas are tabulated below:

**Table 16. Service area-wise frequencies allocated to BSNL/MTNL**

Service area	3G Spectrum		BWA spectrum
	Uplink (MHz)	Downlink (MHz)	
Delhi	1962.5-1967.5	2152.5-2157.5	2635-2655
Mumbai	1962.5-1967.5	2152.5-2157.5	2635-2655
Kolkata	1962.5-1967.5	2152.5-2157.5	2635-2655
Maharashtra	1962.5-1967.5	2152.5-2157.5	2535-2545 & 2635-2645
Gujarat	1962.5-1967.5	2152.5-2157.5	2535-2545 & 2635-2645
Andhra Pradesh	1962.5-1967.5	2152.5-2157.5	2535-2545 & 2635-2645
Karnataka	1962.5-1967.5	2152.5-2157.5	2635-2655
Tamil Nadu	1962.5-1967.5	2152.5-2157.5	2635-2655

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<b>Service area</b>	<b>3G Spectrum</b>		<b>BWA spectrum</b>
Kerala	1962.5-1967.5	2152.5-2157.5	2635-2655
Punjab	1937.5-1942.5	2127.5-2132.5	2635-2655
Haryana	1962.5-1967.5	2152.5-2157.5	2635-2655
Uttar Pradesh (E)	1967.5-1972.5	2157.5-2162.5	2635-2655
Uttar Pradesh (W)	1967.5-1972.5	2157.5-2162.5	2635-2655
Rajasthan	1962.5-1967.5	2152.5-2157.5	2635-2655
Madhya Pradesh	1962.5-1967.5	2152.5-2157.5	2635-2655
West Bengal	1930.5-1935.5	2120.5-2125.5	2635-2655
Himachal Pradesh	1937.5-1942.5	2127.5-2132.5	2635-2655
Bihar	1937.5-1942.5	2127.5-2132.5	2635-2655
Orissa	1962.5-1967.5	2152.5-2157.5	2635-2655
Assam	1967.5-1972.5	2157.5-2162.5	2635-2655
North East	1967.5-1972.5	2157.5-2162.5	2635-2655
Jammu & Kashmir	1937.5-1942.5	2127.5-2132.5	2635-2655

### **4.3 Backhaul**

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 and conditions, the Government would make available spectrum for these purposes under the prevailing terms and conditions (specified by the WPC) within a month of the deposit of the successful bid amount. The fee/ royalty for the use of spectrum depends upon various factors such as frequency, hop and link length, area of operations and other related aspects.

### **4.4 Technology**

There are no restrictions on the technology to be adopted for providing services in the 3G Spectrum or the 800MHz Spectrum or the BWA Spectrum.

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.

**V ELIGIBILITY AND CONDITIONS**

**5.1 Eligibility criteria to participate in the Auctions**

**5.1.1 3G Auction**

Any entity:

- (i) that holds a UAS/ CMTS licence; or
- (ii) that:
  - (a) has previous experience of running 3G telecom services either directly or through a majority-owned subsidiary; and
  - (b) gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per DoT guidelines before starting telecom operations

can bid for 3G Spectrum (subject to other provisions of the Notice).

For the purpose of Clause 5.1.1(ii)(a), a wholly and directly-owned company shall be entitled to use the qualifications of its owner.

**5.1.2 800MHz Auction**

Any existing UAS licensee that offers CDMA services in any telecom service area (“UAS-CDMA operator”) can bid for 800MHz Spectrum (subject to other provisions of the Notice) in that telecom service area.

**5.1.3 BWA Auction**

Any entity:

- (i) that holds a UAS/ CMTS licence; or
- (ii) that holds an ISP licence (category ‘A’ or ‘B’); or
- (iii) that gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per the DoT guidelines before starting telecom operations; or
- (iv) that gives an undertaking to obtain an ISP Category ‘A’ licence through a New Entrant Nominee ISP Licensee as per the DoT guidelines before starting telecom operations

can bid for BWA Spectrum (subject to other provisions of the Notice).

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Successful Bidders in the BWA Auction that currently hold an ISP-category ‘B’ licence will be required to migrate to an ISP-category ‘A’ licence, at no additional cost, before they are awarded the BWA Spectrum.

For the sake of clarity, the DoT guidelines stipulate that a UAS licence or an ISP licence can only be awarded to an Indian Company<sup>9</sup>. Hence, foreign applicants will need to form an Indian subsidiary to obtain a UAS licence or an ISP-category ‘A’ licence. However, they are allowed to participate in the Auctions directly and apply for a licence subsequently through an Indian subsidiary.

It is clarified that services can only be offered as per the 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.

### **5.2 Associated Licensees**

For the purpose of the 3G 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. In case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of the 800MHz Auction, Associated Licensees are defined as existing UAS licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company. In the case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of the BWA Auction, Associated Licensees are defined as existing UAS/ CMTS/ ISP licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company. In case of licensees that are listed on recognised stock exchanges, a company of the Promoter group 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.

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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<sup>9</sup> A Company registered in India under the Companies Act, 1956

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In case a Group Bidding Entity is declared the Successful Bidder in any service area in the 3G Auction, 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 UAS licence in that service area. In case the Nominee UAS Licensee is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS 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 service area in the BWA Auction, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area (even after taking into account the migration to an ISP-category 'A' licence), 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 UAS licence or an ISP Category 'A' licence in that service area. In case the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, 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 service areas.

### **5.3 Prospective New Entrants**

Prospective Bidders who do not have a UAS/ CMTS licence (for the 3G Auction) or a UAS/ CMTS/ ISP (category 'A' or category 'B') licence (for the BWA Auction) (the "Prospective New Entrants") shall be permitted to enter either of these Auctions subject to the provisions of Section 5.1. However, it is clarified that a Prospective New Entrant who is pre-qualified or is declared a Successful Bidder shall not be automatically awarded a UAS licence or an ISP-category 'A' licence, as applicable. Prospective New Entrants are advised to ensure that they satisfy the conditions for the award of a UAS licence or an ISP-category 'A' licence, as applicable. This includes the relevant provisions for making an FDI into the telecom services sector in India.

In the 3G Auction, if the Successful Bidder is a Prospective New Entrant, the spectrum shall be assigned to it or to a Company nominated by the Successful Bidder, which acquires a UAS licence in the relevant service areas and where the Successful Bidder has a minimum holding of at least 26% (directly or indirectly) ("New Entrant Nominee UAS Licensee"). In such a case, both the Successful Bidder and the New Entrant Nominee UAS Licensee shall be jointly and severally liable for the performance of the bid obligations.

In the BWA Auction, if the Successful Bidder is a Prospective New Entrant, the spectrum shall be assigned to it or to a Company nominated by the Successful Bidder, which acquires a UAS licence in the relevant service areas and where the Successful

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Bidder has a minimum holding of at least 26% (directly or indirectly) or to a Company nominated by the Successful Bidder, which acquires an ISP-category ‘A’ licence in the relevant service areas and where the Successful Bidder has a minimum holding of at least 26% (directly or indirectly) (“New Entrant Nominee ISP Licensee”). In such a case, both the Successful Bidder and the New Entrant Nominee UAS Licensee or the New Entrant Nominee ISP Licensee shall be jointly and severally liable for the performance of the bid obligations.

### ***5.3.1 New entrants – foreign entities***

Foreign entities are permitted to participate in the Auctions, subject to the provisions of Section 5.1. However, it must be noted that the UAS/ CMTS/ ISP-category ‘A’ licence conditions and the FDI provisions imply that such a foreign entity can operate a telecom service in India only through an Indian subsidiary with no more than 74% foreign shareholding (subject to the approval of the FIPB for the foreign shareholding in excess of 49%).

However interested foreign entities are allowed to participate in the Auctions directly, and apply for a licence subsequently.

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.

## **5.4 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.

### ***5.4.1 Roll-out obligations for 3G Spectrum and 800MHz Spectrum***

#### ***Metro service area***

The licensee to whom the spectrum is allocated shall be required to provide service in at least 90% of the service area, street coverage in the relevant service area, within five years of the Effective Date.

#### ***Category A, B and C service areas***

The licensee to whom the spectrum is allocated shall ensure that at least 50% of the District Headquarters (“DHQ”) in the service area will be covered, out of which at

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least 15% of the DHQs should be rural Short Distance Charging Areas (“SDCA”)<sup>10</sup>, within five years of the Effective Date. Further:

- the operator shall also be permitted to cover any other town in a District in lieu of the DHQ;
- coverage of a DHQ/ town would mean that at least 90% of the area bounded by the Municipal limits should get the required street coverage in the relevant service area;
- the DHQ shall be taken as on the Effective Date;
- the choice of DHQs/ towns to be covered and further expansion beyond 50% of DHQs/ towns shall lie with the operator.

The Effective Date shall be the later of the date when the spectrum is allocated and the date when the UAS licence, if applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, it shall be allowed a further period of one year to do so by making a payment of 2.5% of its successful bid amount (i.e. spectrum acquisition price) per quarter or part thereof as liquidated damages. If the operator does not complete its roll out obligations even within the extended period of one year, the spectrum assignment shall be withdrawn.

### ***5.4.2 Roll-out obligations for BWA Spectrum***

#### ***Metro service area***

The licensee to whom the spectrum is allocated shall be required to provide coverage in at least 90% of the service area, street coverage in the relevant service area, within five years of the Effective Date.

#### ***Category A, B and C service areas***

The licensee to whom the spectrum is allocated shall ensure that at least 50% of the rural SDCAs are covered within five years of the Effective Date.

The Effective Date shall be the later of the date when the spectrum is allocated and the date when the UAS licence or the ISP-category ‘A’ licence, as applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, its spectrum assignment shall be withdrawn.

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<sup>10</sup> SDCA is defined as per the definition used by the Census of India. Rural SDCA is defined as an area where 50% of the population lives in the rural areas.



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### **5.5 Spectrum usage charges**

A spectrum usage charge (over and above the spectrum acquisition fees) as a percentage of the Adjusted Gross Revenue (“AGR”) shall be payable by the Successful Bidder as per rules notified by the Government from time to time.

Annual spectrum charges would be levied on 3G spectrum as follows:

- For a 2G + 3G spectrum holder, spectrum charges would be levied on revised slab rates as below:

<b>Spectrum in MHz in 2G</b>	<b>Proposed charges as percentage of AGR</b>
upto 4.4/2.5*	3
upto 6.2/5*	4
upto 8	5
upto 10	6
upto 12.5	7
upto 15	8

*\*for spectrum in 800MHz band*

- 3G spectrum to be allocated based on auction shall not be counted for calculating the slab of the total spectrum holding by 2G licensee for levy of spectrum usage charges;
- The spectrum charge shall be payable on total AGR of 2G and 3G services taken together;
- There will be moratorium of one year on the payment of annual spectrum charges for the stand alone 3G operator only. However, Moratorium of one year will not be applicable to operators holding 2G + 3G spectrum i.e. the existing licensees.

For standalone BWA operators, no annual spectrum charge shall be payable for BWA services in the first year from the date of allocation of spectrum. The operators shall pay an annual spectrum charge of 1% of AGR after a period of one year.

The date of implementation of these spectrum charges will be notified in due course.

#### **5.5.1 Adjusted Gross Revenue**

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

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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.*

At present, the ISP licence defines AGR as below:

*The Gross Revenue shall be inclusive of revenue from Internet access service, revenue from internet contents, revenue from Internet Telephony service, revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects etc., revenue from IPTV service, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, 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) Charges from pure Internet service, activation charges from pure internet subscribers. Pure Internet Services shall mean any method/ device/ technology to provide access to Internet unless explicitly prohibited and all content available including web-hosting, web-colocation which is available on internet without access restriction;*
- (ii) 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;*
- (iii) Roaming revenue actually passed on to other eligible/ entitled telecom service provider.*

## **5.6 Duration**

### **3G Spectrum and 800MHz Spectrum**

The right to use the spectrum allocated in the 2.1GHz band or the 800MHz band will be valid for 20 years, unless revoked or surrendered earlier, subject to the operator continuing to have a UAS/ CMTS licence. In case the UAS/ CMTS licence is cancelled/ terminated for any reason, the spectrum shall stand withdrawn forthwith.

If the period of an existing UAS/ CMTS licence of a Successful Bidder is expiring before the period of expiry of the right to use the 3G Spectrum or the 800MHz Spectrum, then the UAS/ CMTS licence with respect to the 3G spectrum or the 800MHz Spectrum, as applicable, will get extended to 20 years from the time of award of the 3G or 800MHz spectrum. However, extension of the right to use any spectrum other than 3G Spectrum or 800MHz Spectrum associated with the licence and the terms thereof, will be specified in due course.

### **BWA Spectrum**

The right to use the spectrum allocated in the 2.3GHz band will be valid for 20 years subject to the operator continuing to have a UAS/ CMTS/ ISP-category 'A' licence. In case the UAS/ CMTS/ ISP-category 'A' licence it holds is cancelled/ terminated for any reason, the spectrum shall stand withdrawn forthwith.

If the period of an existing UASL/ CMTS/ ISP-category 'A' licence of a Successful Bidder is expiring before the period of expiry of the right to use the BWA Spectrum, then the UAS/ CMTS/ ISP licence with respect to the BWA spectrum, as applicable, will get extended to 20 years from the time of the BWA spectrum award. However, extension of the right to use any spectrum other than BWA Spectrum associated with the licence and the terms thereof, will be specified in due course.

## **5.7 Breach, revocation and surrender**

The spectrum allocation 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 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.

The spectrum allocation shall be valid only as long as the applicable licence is valid.

The operator may surrender the spectrum, by giving notice of at least 60 calendar days in advance. In that case, it shall also notify all its customers of consequential withdrawal of service by sending a 30 calendar days notice to each of them. The operator shall pay all fees payable by it until the date on which the surrender of the

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spectrum becomes effective. The effective date of surrender of the spectrum will be the later of the dates of expiry of the two notices mentioned in this clause.

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

## **VI 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.

#### *New Telecom Policy, 1999*

The following are the objectives of the New Telecom Policy, adopted in 1999:

- Access to telecommunications is of utmost importance for achievement of the country's social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the telecom policy;
- Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country's economy;
- Encourage development of telecommunications facilities in remote, hilly and tribal areas of the country;
- Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and thereby propel India into becoming an IT superpower;
- Convert Public Calls Offices wherever justified, into Public Teleinfo centres having multimedia capability like ISDN services, remote database access, Government and community information systems etc.;
- Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players;
- Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities;
- Achieve efficiency and transparency in spectrum management;
- Protect the defence and security interests of the country;
- Enable Indian telecom companies to become truly global players.

### Broadband Policy, 2004

The Government recognizes the potential of ubiquitous Broadband services in the growth of internet penetration and better communications, and economic growth as a potential consequence of these. Similarly, it recognises the opportunity presented by widespread high-speed access to information and web based communication for the enhancement of quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment and employment generation. It is in this spirit that the Government has announced its Broadband Policy in October 2004.

The Broadband Policy framework visualises the creation of infrastructure through various access technologies which can contribute to growth and can mutually coexist. The deployment of infrastructure is imperative for healthy competition. Therefore, the Government will endeavour to ensure that the telecommunications infrastructure growth in the country is not compromised in any manner.

DoT's annual report for the year-ended March 2008 identifies the following priorities for the future:

- Since 70% of the population lives in villages, telecom development in rural areas assumes special significance. It is proposed to achieve rural tele-density of 25% (around 200 million rural connections) by the end of the 11<sup>th</sup> plan period (March 2012);
- The Government is also working steadily towards addressing the issue of releasing additional spectrum from Government use for use by commercial telecom operators so that the growth of this dynamic sector is not constrained by the shortage of spectrum. The Government also recognizes the need to take a forward-looking approach, based on an appreciation of changing technologies and to accelerate structural changes in this sector in line with trends in other countries to ensure that telecommunications services are not only made available on the scale needed to sustain rapid growth in the economy as a whole but also that the quality and cost of these services comes up to the requirements of a modernizing economy;
- Recognizing the potential of Broadband services in the growth process, it has been proposed in the 11<sup>th</sup> Plan targets to provide Broadband for all secondary and higher secondary schools, all Public Health Care centres and *Gram Panchayats*. It is also visualized to link Block headquarters with their nearest exchange through State Wide Area Network (SWAN) connectivity. It is also envisaged that internet and Broadband subscribers will increase to 40 million and 20 million respectively, by 2010.

## **6.2 Objectives of the Auctions**

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

- Obtain a market determined price of 3G/ BWA spectrum through a transparent process

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- Ensure efficient use of spectrum and avoid hoarding;
- Stimulate competition in the sector;
- Promote rollout of 3G and Broadband services;
- Maximise revenue proceeds from the Auctions;
- Resolve 2G congestion issues.

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 Mobile Number Portability**

Number portability is a facility provided by one operator to another, which enables subscribers to keep the same telephone number when switching between different mobile operators. It is the intention of the Government to introduce intra-service area MNP in a phased manner.

Licenses for MNP service have been granted in April 2009 and the licensees are in the process of implementing this facility. As per the conditions of the License Agreement for MNP service, MNP is to be implemented in Delhi, Mumbai, Maharashtra and Gujarat service areas of Zone-1 and Kolkata, Tamil Nadu including Chennai, Andhra Pradesh and Karnataka service areas of Zone-2 by 31<sup>st</sup> December 2009 and in the rest of the service areas within one year of the award of the MNP licenses.

### **6.4 Mergers & Acquisitions**

Mergers and Acquisitions (“M&A”) shall be as per policy guidelines on the subject issued by DoT (No. 20-100/2007-AS-I dated 22<sup>nd</sup> April, 2008) or any subsequent revision thereof. This policy is applicable for mergers between 2 licence holders only in a service area.

These conditions shall also be applicable to ISP licensees that are awarded BWA Spectrum.

Key features of the current M&A policy are as below:

- Prior approval of the DoT would be required for merger of licences and any permission for mergers shall be accorded only after completion of three years from effective date of the licences (as defined in the licence);
- The market share of the merged entity in the relevant service area shall not be greater than 40% either in terms of subscriber base separately for wireless as well as fixed line subscriber base or in terms of Adjusted Gross Revenue;

- The post merger licensee entity shall be entitled to the total amount of the spectrum held by the merged entities and will have to fulfil all the conditions applicable for holding such spectrum within 3 months of the merger. In case of failure to meet the spectrum allocation criterion within 3 months, the excess spectrum would have to be surrendered.

It is clarified that a Successful Bidder, who is not a current UAS/ CMTS/ ISP licence holder in a service area, is permitted to acquire equity in an existing UAS/ CMTS/ ISP-category 'A' licensee in that service area. Assignment of spectrum to the acquired entity will be permitted subject to the provisions of Clause 5.3 and the M&A guidelines.

### **6.5 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.

ISP licence holders that are awarded BWA Spectrum will also be permitted to share infrastructure to the same extent as permitted by the UAS licence.

### **6.6 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 or other standards as appropriate.

In particular, attention is drawn to Clauses 43.5 and 43.6A of the UAS licence.



## **VII AUCTION DETAILS**

### **7.1 General conditions**

#### ***7.1.1 Confidentiality***

Confidential Information means 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 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. 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 Bidder or its Insiders.

#### ***7.1.2 Directors, employees and advisers***

No person, whether individual or corporate, can act for or on behalf of more than one Bidder, that is participating in any of Auctions (the 3G Auction or the 800MHz Auction or the BWA Auction) in respect of the Auctions.

#### ***7.1.3 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.

### **7.2 Application requirements**

#### ***7.2.1 Application format and procedures for submission***

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

##### ***3G Auction***

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;

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- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

**Table 17. Service area-wise earnest money amount for 3G Auction**

Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Delhi	Metro	40.00	Uttar Pradesh (E)	B	20.00
Mumbai	Metro	40.00	Uttar Pradesh (W)	B	20.00
Kolkata	Metro	20.00	Rajasthan	B	20.00
Maharashtra	A	40.00	Madhya Pradesh	B	20.00
Gujarat	A	40.00	West Bengal	B	20.00
Andhra Pradesh	A	40.00	Himachal Pradesh	C	7.50
Karnataka	A	40.00	Bihar	C	7.50
Tamil Nadu	A	40.00	Orissa	C	7.50
Kerala	B	20.00	Assam	C	7.50
Punjab	B	20.00	North East	C	7.50
Haryana	B	20.00	Jammu & Kashmir	C	7.50

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 metro, A, B and C service areas that they would like to participate in the 3G Auction for;

- Nomination of an Authorised Person for future correspondence with the Bidder, along with a Power of Attorney empowering him/ her to take all decisions connected with the relevant Auctions, on the Applicant's behalf. 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 would be considered as final and binding;
- 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 3G 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;

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- 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 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 licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

Prospective Bidders that are not existing UAS/ CMTS licensees are additionally required to submit:

- A statement of relevant previous experience of running 3G telecom services either directly or through a majority-owned subsidiary;
- An undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS 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 UAS 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 assigning any reason whatsoever.

### ***800MHz Auction***

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;
- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

**Table 18. Service area-wise earnest money amount for 800MHz Auction**

<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>	<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>
Delhi	Metro	10.00	Uttar Pradesh (E)	B	5.00
Mumbai	Metro	10.00	Uttar Pradesh (W)	B	5.00
Kolkata	Metro	5.00	Rajasthan	B	5.00

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<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>	<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>
Maharashtra	A	10.00	Madhya Pradesh	B	5.00
Gujarat	A	10.00	West Bengal	B	5.00
Andhra Pradesh	A	10.00	Himachal Pradesh	C	1.87
Karnataka	A	10.00	Bihar	C	1.87
Tamil Nadu	A	10.00	Orissa	C	1.87
Kerala	B	5.00	Assam	C	1.87
Punjab	B	5.00	North East	C	1.87
Haryana	B	5.00	Jammu & Kashmir	C	1.87

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 metro, A, B and C service areas that they would like to participate in the 800MHz Auction for. However Bidders may note that they can bid for spectrum for only those circles where they are a UAS-CDMA Operator;

- Nomination of an Authorised Person for future correspondence with the Bidder, along with a Power Of Attorney empowering him/ her to take all decisions connected with the relevant Auctions, on the Bidder's behalf. 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 would be considered as final and binding;
- 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 800MHz 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.

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

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### ***BWA Auction***

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;
- Notification of the initial number of Eligibility Points applied for;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure H.4) 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:

**Table 19. Service area-wise earnest money amount for BWA Auction**

<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>	<b>Service area</b>	<b>Cate- gory</b>	<b>Earnest money amount (Rs. cr)</b>
Delhi	Metro	20.00	Uttar Pradesh (E)	B	10.00
Mumbai	Metro	20.00	Uttar Pradesh (W)	B	10.00
Kolkata	Metro	10.00	Rajasthan	B	10.00
Maharashtra	A	20.00	Madhya Pradesh	B	10.00
Gujarat	A	20.00	West Bengal	B	10.00
Andhra Pradesh	A	20.00	Himachal Pradesh	C	3.75
Karnataka	A	20.00	Bihar	C	3.75
Tamil Nadu	A	20.00	Orissa	C	3.75
Kerala	B	10.00	Assam	C	3.75
Punjab	B	10.00	North East	C	3.75
Haryana	B	10.00	Jammu & Kashmir	C	3.75

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 metro, A, B and C service areas that they would like to participate in the BWA Auction for;

- Nomination of an Authorised Person for future correspondence with the Bidder, along with a Power Of Attorney empowering him/ her to take all decisions connected with the relevant Auctions, on the Bidder's behalf. 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 would be considered as final and binding;
- In case of Associated Licensees, the following are additionally required to be submitted alongwith the Application:

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- 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 intend to participate in the BWA 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/ ISP (category ‘A’ or ‘B’) licensees (even after taking into account the migration to ISP-category ‘A’ licence), an undertaking confirming that, if the Applicant is successful in winning spectrum in any such service area, it shall acquire a UAS licence or an ISP-category ‘A’ 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 licence or an ISP licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

Prospective Bidders that are not existing UAS/ CMTS/ ISP (category ‘A’ or ‘B’) 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 licence or an ISP-category ‘A’ 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 the UAS licence or the ISP-category ‘A’ 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 assigning any reason whatsoever.

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 DoT 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 Ownership Compliance Certificate confirming that it complies with the ownership restrictions in light of the ownership details of the other Applicants.

Separate Applications are required for the 3G Auction, the 800MHz Auction and the BWA Auction, in the prescribed formats, respectively.

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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 for getting the spectrum or any matter that may, in the opinion of the Government, be contrary to general public interest.

For such breaches, the bidder may forfeit some or all of its Earnest Money Deposit. Seriousness of the breach and the appropriate penalties shall be determined by the Government at its sole discretion.

Formats for Application and various undertakings are provided in Annexure H.

### ***7.2.2 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

The Government must be satisfied that no two Applicants in any of the Auctions 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 pre-qualification, 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 power of exclusion

The Government will retain a general power to exclude any Applicant, without providing any reason for such action, if in its opinion:

- i) the holding of a UAS licence or an ISP-category 'A' licence by that Prospective Bidder would be prejudicial to the interests of national security; or

- ii) the Prospective Bidder would not be a fit and proper person to hold a UAS licence or an ISP-category ‘A’ licence.

During the pre-qualification stage, the Government may ask Applicants to provide additional information or documentation relating to their Applications.

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

### ***7.2.3 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 pre-qualification.

The Bank Guarantee shall be from a Scheduled Bank, and valid for six months (and extendable for a further period of six months) in the prescribed format as given in Annexure H.4.

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 metro, A, B and C service areas that they would like to participate in the relevant Auctions for. Bidders should note that at no stage in the Auctions will they be allowed to bid for more service areas than the Initial Eligibility Points corresponding to the Earnest Money Deposit (“EMD”) will permit.

A 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 cash the EMD, in part or in full, in the case that:

- (a) The Applicant misrepresents facts in its application;
- (b) The Bidder 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 Auctions;
- (d) The Bidder defaults on its bid.



**7.2.4 Application processing fee**

The Applicant shall pay a non-refundable application processing fee of Rs. 100,000/- payable to Pay and Accounts Officer, DoT, New Delhi, through a demand draft.

**7.3 Announcement of pre-qualified Bidders**

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

- Each qualified Bidder’s Initial Eligibility Points;
- Information on the Electronic Auction System, a user manual and an authentication certificate for accessing this Electronic Auction System.

**7.4 Bid validity**

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

**7.5 Payment methodology**

Successful Bidders shall deposit 25% of the Successful Bid Amount as Bid Deposit within 5 calendar days of the close of the Auction, failing which the Earnest Money Deposit shall stand forfeited.

Successful Bidders shall deposit the balance amount (Successful Bid Amount less Bid Deposit) within 15 calendar days of the close of the Auction, failing which its Earnest Money Deposit and its Bid Deposit shall stand forfeited.

**7.6 Assignment of spectrum**

Existing licensees

- Upon receipt of the Successful Bid Amount, the DoT shall issue a Letter of Intent identifying the frequencies to be allocated to the Successful Bidder;
- Necessary amendments (including migration to ISP-category ‘A’ licence, if applicable) will be made to the existing UAS/ CMTS/ ISP licence of Successful Bidders (as applicable);

It is proposed to amend the UAS license by incorporating the following amendments:

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### *Clause 18.1.1 (Additional para for Entry Fee)*

One time non-refundable upfront entry fee of Rs. \_\_\_\_\_ crore as determined through auction process of 3G/ 800MHz/ BWA spectrum has been paid by the licensee on \_\_\_\_\_.

### *Clause 44 (new clause to be added)*

The licensee has been/ is to be allocated 5+5 MHz/ 1.25+1.25 MHz/ 20MHz (as applicable) spectrum band from \_\_\_ MHz to \_\_\_ MHz paired with \_\_\_ MHz to \_\_\_ MHz in the 3G/ 800MHz/ BWA spectrum band based on auction process. The licensee is authorised to use this spectrum for a period of 20 years from the date of allocation for operation of Unified Access Services as defined in the ‘Scope of the license’ in Clause 2, Part 1 General Conditions of the License. This does not include authorisation or extension of period of validity of the license for providing Unified Access Services using spectrum allocated under Clause 43 above.

- Within 15 calendar days of receipt of the Successful Bid Amount from the Successful Bidder and subsequent to the necessary amendments to the applicable licence, the DoT shall assign the specified spectrum to the Successful Bidder in response to an application for such spectrum.

### *New entrants*

- Upon receipt of the Successful Bid Amount, the DoT shall issue a Letter of Intent identifying the frequencies to be allocated to the Successful Bidder;
- Within 15 calendar days of receipt of the Successful Bid Amount from the Successful Bidder, DoT shall issue a letter confirming the provisional award of spectrum in the specified frequencies;
- Upon the Successful Bidder obtaining a UAS licence or an ISP-category ‘A’ licence, as applicable, the DoT shall assign the specified spectrum to the Successful Bidder in response to an application for such spectrum.

Successful Bidders shall obtain SACFA clearance and a separate wireless operating licence from the Wireless Planning and Coordination (“WPC”) Wing as per prescribed procedure.

## **VIII THE 3G AUCTION – AUCTION RULES**

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

The e-auction will be run over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) using standard web browsing software.

Prior to the Auction, qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a digital certificate (supplied on CDROM that will need to be installed on any computer used for bidding) and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auctioneer without delay.

Qualified bidders will be provided with a detailed manual explaining how to use the EAS (the “EAS manual”). This documentation and authentication tokens will be provided to bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure I, though the EAS manual should be taken as definitive in this regard.

Bidders are expected 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. With the prior permission of the Auctioneer, it will be possible for Bidders to submit bids by alternative means if technical problems prevent access to the EAS. These measures are outlined in Annexure J.

### **8.2 Overview of the Auction stages**

Spectrum licences available for award in this process will be allocated by simultaneous ascending e-auction.

The award is a two-stage process:

- A Clock Stage will establish the Bidders to be awarded a block in each of the 20 service areas listed in Table 20, where there is at least one block available to auction (the “3G service areas”). In this stage, in each service area Bidders will bid for a generic block (i.e. a right to a single 2x5MHz spectrum block but not linked to any specific frequency). The Clock Stage will consist of a number of rounds. These rounds will stop once (i) for every 3G 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; 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 subsequently). This will establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;

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- The Clock Stage will be followed by an Assignment Stage that will allocate specific frequencies available to the Winning Bidders identified in the Clock Stage. The assignments will be announced simultaneous with the outcome of the Clock Stage. The initial allocation of the frequencies will be done randomly by the software. The Government reserves the right to change this allocation over the duration of the licence period where this may promote spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for circles in which they are assigned a block.

### **8.3 The Clock Stage**

#### **8.3.1 Overview**

In the Clock Stage, there is simultaneous bidding for blocks across all 20 3G service areas. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the 3G service areas according to the detailed bidding rules described below.

In each Clock Round, Bidders will be told the Clock Round price of a block in each of the 3G service areas. Bidders will be able to bid for at most one generic block in each service area. Therefore, in each Clock Round, a Bidder's decisions will consist of a yes/no choice of whether to make a bid on each of the 3G service areas. By bidding on a service area, if that bid becomes a Winning Bid, the Bidder commits to buy any block in that service area at a price not greater than the Clock Round price in the round when the bid was submitted.

A Clock Round will close at a finishing time specified by the Auctioneer, 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 8.3.8.

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;
- considered bids will be ranked according to their value and then, if necessary, using the tie-breaking criteria detailed in Section 8.3.5;
- 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 lowest round clock price at which any of the Provisional Winning Bids was submitted will be the Provisional Winning Price in that service area.

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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 8.3.4. 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 of a generic block in each service area will be set equal to the Reserve Price (as shown in Table 20). For subsequent rounds, the Clock Round prices in each service area will be set as follows:

- if the Excess Demand (discussed further in Section 8.3.6) is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- otherwise, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a price increment linked to the amount of Excess Demand (discussed further in Section 8.3.6).

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:

- (a) for every service area, the number of bids at the current Clock Round price is less than or equal to the number of available blocks in that service area; **and**
- (b) the Activity Requirement has been increased to the maximum level (i.e. the Auction Activity Requirement is set to 100%, as discussed subsequently in Section 8.3.4).

All Provisional Winning Bids for blocks at the end of the final Clock Round will be 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 a generic block in each service area at the Winning Price.

A consequence of these rules is that if a Bidder is a Provisional Winning Bidder in a service area in Clock Round R, but a further Clock Round R+1 occurs with a higher Clock Round price, then that Bidder will need to make a bid at the higher clock price in Clock Round R+1 to be guaranteed to win a block if round R+1 happens to be the final Clock Round. If the Bidder does not raise its bid in round R+1 to the higher clock price, but this turns out to be the last Clock Round, the Bidder will only win a block in the event that there are fewer Provisional Winning Bids equal to the clock price than the number of available blocks in the service area.

At the end of the Clock Stage, the Auctioneer will announce both the Winning Bidders and the specific frequencies that are randomly assigned to each Winning Bidder in the Assignment Stage.

**8.3.2 Making bids during Clock Rounds**

In each Clock Round, Bidders will be presented with a bid form by the EAS. For each of the 3G service areas the bid form will display:

- the name of the service area;
- the number of blocks available in the service area;
- the number of Eligibility Points linked to a block in the service area (discussed subsequently in Section 8.3.3);
- the Clock Round price in the service area for the current Clock Round;
- after the first Clock Round, whether the Bidder is a Provisional Winning Bidder in that service area and, if so, the ranking of its bid in that service area;
- after the first Clock Round, the Provisional Winning Price in that service area; and
- after the first Clock Round, the Clock Round price and the total number of bids received in that service area in the last completed Clock Round.

On the bid form, each service area will have a tick-box associated to it. The Bidder will be required to tick the boxes associated with the service area(s) in which it wishes to place a bid for one block at the specified Clock Round price. If a bidder was a Provisional Winning Bidder in the immediately previous clock round, and the Clock Round price in the current round is equal to that in the previous round, then there will be no tick-box shown on the bid form to make a new bid, as under these circumstances it is not possible for a bidder to increase its current Provisional Winning Bid. Regardless of whether a bidder is making new bids or whether it is simply maintaining its bids on blocks where it is a Provisional Winning Bidder, however, the bidder will need to check and submit a bid in each round.

Bids are subject to the Activity Rules described in Section 8.3.4.

Bidders are required to make a bid for at least one 3G service area in the first Clock Round. Any Bidder who fails to make a bid for at least one 3G service area in the first Clock Round will forfeit its deposit in its entirety.

In the event that a Bidder is unable to access the EAS, the Auctioneer may allow the Bidder to submit a bid by fax or any other means that the Auctioneer permits to enable an orderly auction process. In advance of the Auction, qualified Bidders will be provided with forms listing the 3G service areas that must be used for making any such fax bids and a set of passwords to be used to verify any such communication with the Auctioneer.

Qualified Bidders will need to provide details of the persons authorised to certify bids submitted by such alternative means in advance of the Auction. The Auctioneer is

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under no obligation to accept bids other than through the EAS. Bidders should ensure that they have reliable access to the EAS and must inform the Auctioneer of any difficulties they might have in accessing the EAS at the first reasonable opportunity using contact telephone numbers provided in advance of the Auction. Back-up procedures for making bids in exceptional circumstances are detailed in Annexure J.

### 8.3.3 Eligibility Points

For the purposes of applying an Activity Rule, each of the 2x5MHz blocks in each 3G service area has been assigned a specific number of Eligibility Points, based on the Reserve Price of licences in that service area. The number of points associated with a 2x5MHz block in each service area is listed in the following table:

<b>Table 20. Reserve prices, deposits required and associated Eligibility Points</b>					
<b>Service area type</b>	<b>Number of service areas of this type</b>	<b>Names of service areas</b>	<b>Reserve price for each service area (Rs. Crore)</b>	<b>Required deposit per service area (Rs. Crore)</b>	<b>Number of Eligibility Points associated with a block</b>
Delhi, Mumbai & Category A	7	Delhi Mumbai Andhra Pradesh Gujarat Karnataka Maharashtra Tamil Nadu	320.00	40.00	32
Kolkata & Category B	8	Kolkata West Bengal Haryana Kerala Madhya Pradesh Punjab Uttar Pradesh (W) Uttar Pradesh (E)	120.00	20.00	12
Category C	5	Assam Bihar Himachal Pradesh Jammu & Kashmir Orissa	30.00	7.50	3

Each Bidder begins the Auction with the Initial Eligibility applied for by the Bidder and subsequently approved by the Auctioneer during the application process. This Initial Eligibility will limit Bidders' subsequent ability to make bids as described in the following subsection.

As each Bidder is able to bid for at most one block in each 3G service area, the maximum Initial Eligibility that can be applied for is 335 points. Therefore, Bidders

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may apply for any Initial Eligibility between 3 and 335 points. 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 qualified to bid in the Auction.

Bidders must make deposits in proportion to their Initial Eligibility. A deposit or bank guarantee of the value of the sum of the bank guarantee amounts linked to the service areas in which the bidder wishes to bid on during the Auction must be received prior to the deadline notified to Bidders by the Government. Any Bidder failing to make such a deposit by this deadline may not participate in the Auction.

### ***8.3.4 Activity Rule***

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 a block;
- After the first Clock Round, the sum of:
  - (i) the Eligibility Points associated with 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 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 Auctioneer 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 following Clock Round 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 (n+1) will be equal to its activity level in the current Clock Round (n) multiplied by the reciprocal of the Auction Activity Requirement, rounded down to the nearest whole number:



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$$\text{Bidder Eligibility Points in round } n+1 = \text{Activity level in round } n \times \frac{1}{\text{Auction Activity Requirement in round } n}$$

For example, suppose that in the first Clock Round, Bidder X has an eligibility of 48 points. If the Auction Activity Requirement is 80%, the Bidder's Activity Requirement is 39 points (80% x 48 rounded up to the nearest whole number). Suppose that Bidder X submits a bid with an associated activity of 42 points, then, the eligibility of Bidder X in the second Clock Round would be equal to 48 points. However, suppose that Bidder X submits a bid with an associated activity of 30 points; then the eligibility of Bidder X in the second Clock Round would be reduced to 37 points (30 \* 1/80% rounded down to the nearest whole number).

Bidders will be informed of their eligibility and the associated Activity Requirement in each Clock Round in advance of 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 would be determined by the Auctioneer depending on the extent of overall bidding activity in the Auction process.

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

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

At the end of each Clock Round, for each service area, only the highest bid submitted by each Bidder in any completed Clock Round will be considered. Considered bids will be ranked for each service area 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 (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 value of all bids submitted by the Bidder across all service areas in the Clock Round when the bid is submitted, plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round;
- where 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.

A consequence of these ranking criteria is that, once two bids for the same service area have been ranked, their relative ranking will be preserved in any subsequent Clock Rounds.

Where a service area 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 there are fewer than  $n$  such bids for that service area, all such bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids. In case that the Auction ends, Provisional Winning Bidders will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids, unless they cease to be Provisional Winning Bidders in a subsequent Clock Round. Note that the Provisional Winning Price associated with a Provisional Winning Bid may increase if New Bids are received from other Bidders; however, the Provisional Winning Price will never be greater than the Clock Round price at which the Provisional Winning Bid was submitted.

### **8.3.6 Prices and price increments**

In the first Clock Round, the Clock Round price per block in each 3G service area will be the Reserve Price as determined by the Government. The Reserve Price associated with each service area is shown in Table 20.

In subsequent Clock Rounds, Clock Round prices will be increased relative to the previous Clock Round depending 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 bids received in this 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.

Clock round prices in the next Clock Round will 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, 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.

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Price increments may vary by service area and will be positively related to Excess Demand in each service area. 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 Auctioneer will typically follow the rule set out in the following table, though may set any strictly positive percentage increment less than or equal to 10% in the interests of the smooth and expeditious running of the Auction.

**Table 21. Proportionate price increment rule**

<b>Excess Demand</b>	<b>Price increment as a proportion of previous Clock Round price</b>
0	2%
1 or 2	5%
3 or more	10%

The price increment calculated for a service area will always be capped as per the following maximum absolute price increments for each category:

**Table 22. Maximum absolute price increments**

<b>Service area type</b>	<b>Maximum price increment per round (Rs. Crore)</b>
Delhi, Mumbai & Category A	40.00
Kolkata & Category B	20.00
Category C	7.50

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.

### **8.3.7 Winning Bids and Winning Prices**

The final Clock Round will be the first Clock Round with an auction Activity Requirement of 100% and in which, 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.

The Provisional Winning Price in that service area at the end of the final Clock Round will become the Winning Price for the service area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. A consequence of these rules is that the Winning Price in a service area is the highest Clock Round price that maximises the number of blocks sold in that service area.

As a consequence of the rules, the Winning Price in any service area in which there are unsold blocks will be the Reserve Price. 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.

***8.3.8 Length of Clock Rounds and extension periods***

Auction rounds will typically only be scheduled to begin between the hours of 09.00 and 17.30 Indian Standard Time on Monday through Friday, except national holidays. However, the Auctioneer 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 will be provided to bidders of this.

Prior to the start of any Clock Round, the Auctioneer 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.

Additionally, Bidders will be notified in advance of the starting time and date of the first Clock Round. At least two working days notice of the first Clock Round will be given.

A Clock Round will not be shorter than 20 minutes. It is expected that during the early rounds of the Auction, Clock Rounds will run for one hour. During the Clock Round, Bidders will be able to enter their bids into the EAS. Entering a bid will be a two-step process, in which Bidders must first enter a bid for checking by the EAS. The EAS will report back to the Bidder the bid logged by the system and whether it is compatible with the Auction Rules. In the event that the bid would lead to a reduction in the Bidder's eligibility, a warning will be given. Optionally, the Bidder will be able to go back and modify the decision entered into the EAS for checking. As a second step, the Bidder must then confirm the bid that has been checked and logged by the EAS. Only bids that are subject to this confirmation step will be accepted.

Bidders are responsible for ensuring that bids are received and confirmed by the 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 a confirmed bid 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. 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.

In the event that a Bidder has technical problems that prevent access to the EAS, the Bidder must inform the Auctioneer at the first reasonable opportunity. Procedures for submitting bids in exceptional circumstances are described in Annexure J.

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Shortly after the end of a Clock Round, results will be announced on a service area-by-service area basis. The information that will be released is described in the following subsection. 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 of 2 hours.

In the event that a Bidder fails to submit a valid, confirmed 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 decision 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 30 minutes in this way.

For the avoidance of doubt, if a bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round, it is still necessary for the bidder to submit and confirm a decision by the end of the round in order to avoid triggering an extension and 10 minutes being docked from its Extension Budget. Furthermore, even if a bidder can neither make any New Bids nor raise any Provisional Winning Bids because (i) a bidder holds Provisional Winning Bids equal to the current round price; and (ii) its total eligibility is equal to the activity associated with these Provisional Winning Bids, then it is still necessary for the bidder to submit and confirm a trivial “no bid” decision to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 30 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 confirmed decision 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. of zero blocks in each service area.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. For the avoidance of doubt, one 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

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Round, all such Bidders will either be penalised 10 minutes 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 entered and confirmed 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 may close prior to the finishing time of an extension period if the EAS has received bids from all Bidders. For the avoidance of doubt, 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.

There will be the following minimum times between the ending of one Clock Round and the starting of the next:

- If no extensions are triggered in the current Clock Round, there will not be less than 20 minutes between the finishing time of the current Clock Round and the starting time of the next Clock Round;
- If the finishing time of the current Clock Round is extended, there will not be less than 30 minutes between the original scheduled finishing time of the current Clock Round and the starting time of the next Clock Round and not less than 20 minutes between the extended finishing time of the current Clock Round and the starting time of the next Clock Round.

In early rounds of the Auction, it is expected that about one hour will be left between the end of one Clock Round and the start of the next.

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

- reschedule the start of a Clock Round whose starting time has been announced but the Clock Round not yet started;
- reschedule 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.

### **8.4 Assignment Stage**

The outcome of the Assignment Stage will be announced at the same time as the Clock Stage results. The Winning Bidders will be allocated to specific frequencies at random by the EAS.

**8.5 Information policy**

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

- a list of the qualified Bidders;
- the information provided in these Bidders' applications about their ownership structures;
- the number of Initial Eligibility Points applied for by each Bidder; and
- the amount of deposit provided by the Bidder.

During the Clock 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 in each service area in the last completed Clock Round; and
- the Excess Demand in each service area.

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

- the Provisional Winning Bids held by that Bidder in each service area at the end of the completed round;
- the ranking of any provisional bids held by that Bidder amongst all the provisional bids within the relevant service area;
- the Provisional Winning Price in each service area at the end of the completed round;
- total number of Eligibility Points available to the particular Bidder for the next Clock Round;
- 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 Bidders:

- that the last completed Clock Round was the final Clock Round;
- the Winning Prices;
- the Winning Bids and the identities of the Winning Bidders;
- the number of unsold blocks in each service area (i.e. the number of blocks available less the total number of Winning Bids in each service area); and

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- the random allocation of frequencies to Winning Bidders as determined by the EAS in the Assignment Stage.

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.

### **8.6 Collusion and other prohibited behaviour**

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 qualified Bidders;
- breaches or attempts to breach the secure measures within the EAS;
- frustrates or attempts to frustrate 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 may forfeit its deposit.

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 deposit.



## **IX THE 800MHZ AUCTION – AUCTION RULES**

### **9.1 Conduct of the Auction**

The e-auction will be run over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) using standard web browsing software.

Prior to the Auction, qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a digital certificate (supplied on CDROM that will need to be installed on any computer used for bidding) and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auctioneer without delay.

Qualified bidders will be provided with a detailed manual explaining how to use the EAS (the “EAS manual”). This documentation and authentication tokens will be provided to bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure I, though the EAS manual should be taken as definitive in this regard.

Bidders are expected 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. With the prior permission of the Auctioneer, it will be possible for Bidders to submit bids by alternative means if technical problems prevent access to the EAS. These measures are outlined in Annexure J.

### **9.2 Overview of the Auction stages**

Spectrum licences available for award in this process will be allocated by simultaneous ascending e-auction. As there will only be a single block available for auction in each service area, the award will be a single stage process consisting of only a Clock Stage.

The Clock Stage will establish the Bidder to be awarded a block in each of the service areas listed in Table 23 where spectrum is being auctioned (the “800MHz service areas”). In this stage, in each service area Bidders will bid for a specific block (i.e. the single 2x1.25MHz spectrum block available in that service area). The Clock Stage will consist of a number of rounds. These rounds will stop once (i) for every 800MHz service area the number of bids at the price set in the last completed Clock Round is no greater than one; 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 subsequently). This will establish the Winning Price for the available block within a service area, and the Winning Bidder in each service area.

The Government reserves the right to change the allocated frequency over the duration of the licence period where this may promote 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.

### **9.3 The Clock Stage**

#### **9.3.1 Overview**

In the Clock Stage, there is simultaneous bidding for the auctioned block across all 800MHz service areas. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the 800MHz service areas according to the detailed bidding rules described below.

In each Clock Round, Bidders will be told the Clock Round price of a block in each of the 800MHz service areas. Bidders will be able to bid for at most one block in each service area. Therefore, in each Clock Round, a Bidder's decisions will consist of a yes/no choice of whether to make a bid on each of the 800MHz service areas. By bidding on a service area, if that bid becomes a Winning Bid, the Bidder commits to buy the block in that service area at the Clock Round price in the round when the bid was submitted.

A Clock Round will close at a finishing time specified by the Auctioneer, 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 9.3.8.

At the end of each Clock Round, the Provisional Winning Bidder and the Provisional Winning Price 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;
- considered bids will be ranked according to their value and then, if necessary, using the tie-breaking criteria detailed in Section 9.3.5;
- the first bid in the service area according to this ranking will become Provisional Winning Bid, and the Bidder who submitted this bid will become the Provisional Winning Bidder;
- the round clock price at which the Provisional Winning Bid was submitted will be the Provisional Winning Price in that service area.

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 9.3.4. 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

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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 of the block available in each service area will be set equal to the Reserve Price (as shown in Table 23). For subsequent rounds, the Clock Round prices in each service area will be set as follows:

- if the Excess Demand (discussed further in Section 9.3.6) is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- otherwise, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a price increment linked to the amount of Excess Demand (discussed further in Section 9.3.6).

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:

- (a) for every service area, the number of bids at the current Clock Round price is no greater than one; **and**
- (b) the Activity Requirement has been increased to the maximum level (i.e. the Auction Activity Requirement is set to 100%, as discussed subsequently in Section 9.3.4).

All Provisional Winning Bids for blocks at the end of the final Clock Round will be Winning Bids. The Provisional Winning Price in each service area will become the Winning Price, and the Provisional Winning Bidder in the last Clock Round will become the Winning Bidder who will then be awarded the block available in that service area at the Winning Price.

At the end of the Clock Stage, the Auctioneer will announce the Winning Bidders for each of the service areas.

### ***9.3.2 Making bids during Clock Rounds***

In each Clock Round, Bidders will be presented with a bid form by the EAS. For each of the 800MHz service areas the bid form will display:

- the name of the service area;
- the number of Eligibility Points linked to the block available in the service area (discussed subsequently in Section 9.3.3);
- the Clock Round price in the service area for the current Clock Round;
- after the first Clock Round, whether the Bidder is a Provisional Winning Bidder in that service area;

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- after the first Clock Round, the Provisional Winning Price in that service area; and
- after the first Clock Round, the Clock Round price in the last completed Clock Round.

On the bid form, each service area will have a tick-box associated to it. The Bidder will be required to tick the boxes associated with the service area(s) in which it wishes to place a bid for one block at the specified Clock Round price. Regardless of whether a bidder is making new bids or whether it is simply maintaining its bids on blocks where it is a Provisional Winning Bidder, however, the bidder will need to check and submit a bid in each round.

Bids are subject to the Activity Rules described in Section 9.3.4.

Bidders are required to make a bid for at least one 800MHz service area in the first Clock Round. Any Bidder who fails to make a bid for at least one 800MHz service area in the first Clock Round will forfeit its deposit in its entirety.

In the event that a Bidder is unable to access the EAS, the Auctioneer may allow the Bidder to submit a bid by fax or any other means that the Auctioneer permits to enable an orderly auction process. In advance of the Auction, qualified Bidders will be provided with forms listing the 800MHz service areas that must be used for making any such fax bids and a set of passwords to be used to verify any such communication with the Auctioneer.

Qualified Bidders will need to provide details of the persons authorised to certify bids submitted by such alternative means in advance of the Auction. The Auctioneer is under no obligation to accept bids other than through the EAS. Bidders should ensure that they have reliable access to the EAS and must inform the Auctioneer of any difficulties they might have in accessing the EAS at the first reasonable opportunity using contact telephone numbers provided in advance of the Auction. Back-up procedures for making bids in exceptional circumstances are detailed in Annexure J.

### ***9.3.3 Eligibility Points***

For the purposes of applying an Activity Rule, the 2x1.25MHz block in each 800MHz service area has been assigned a specific number of Eligibility Points, based on the Reserve Price of the licence in that service area. The number of points associated with the 2x1.25MHz block in each service area is listed in the following table:

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**Table 23. Reserve prices, deposits required and associated Eligibility Points**

Service area type	Number of service areas of this type	Names of service areas	Reserve price for each service area (Rs. Crore)	Required deposit per service area (Rs. Crore)	Number of Eligibility Points associated with a block
Delhi, Mumbai & Category A	3	Gujarat Karnataka Tamil Nadu	80.00	10.00	32
Kolkata & Category B	7	Kolkata West Bengal Haryana Kerala Madhya Pradesh Uttar Pradesh (W) Uttar Pradesh (E)	30.00	5.00	12
Category C	6	Assam Bihar Himachal Pradesh Jammu & Kashmir Orissa North-East	7.50	1.87	3

Each Bidder begins the Auction with the Initial Eligibility applied for by the Bidder and subsequently approved by the Auctioneer during the application process. This Initial Eligibility will limit Bidders' subsequent ability to make bids as described in the following subsection.

As each Bidder is able to bid for at most one block in each 800MHz service area, the maximum Initial Eligibility that can be applied for is 198 points. Therefore, Bidders may apply for any Initial Eligibility between 3 and 198 points. 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 qualified to bid in the Auction.

Bidders must make deposits in proportion to their Initial Eligibility. A deposit or bank guarantee of the value of the sum of the bank guarantee amounts linked to the service areas in which the bidder wishes to bid on during the Auction must be received prior to the deadline notified to Bidders by the Government. Any Bidder failing to make such a deposit by this deadline may not participate in the Auction.

### **9.3.4 Activity Rule**

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:

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- In the first Clock Round, the Eligibility Points associated with service areas where the Bidder places a bid for the block available;
- After the first Clock Round, the sum of:
  - (i) the Eligibility Points associated with 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 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 Auctioneer 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 following Clock Round 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 (n+1) will be equal to its activity level in the current Clock Round (n) multiplied by the reciprocal of the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder Eligibility Points in round } n+1 = \text{Activity level in round } n \times \frac{1}{\text{Auction Activity Requirement in round } n}$$

For example, suppose that in the first Clock Round, Bidder X has an eligibility of 48 points. If the Auction Activity Requirement is 80%, the Bidder’s Activity Requirement is 39 points (80%x48 rounded up to the nearest whole number). Suppose that Bidder X submits a bid with an associated activity of 42 points, then, the eligibility of Bidder X in the second Clock Round would be equal to 48 points. However, suppose that Bidder X submits a bid with an associated activity of 30 points; then the eligibility of Bidder X in the second Clock Round would be reduced to 37 points (30 \* 1/80% rounded down to the nearest whole number).

Bidders will be informed of their eligibility and the associated Activity Requirement in each Clock Round in advance of the start of the Clock Round. In the first Clock Round, the Auction Activity Requirement will be set at 80%. Subsequently, the

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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 would be determined by the Auctioneer depending on the extent of overall bidding activity in the Auction process.

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

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

At the end of each Clock Round, for each service area, only the highest bid submitted by each Bidder in any completed Clock Round will be considered. Considered bids will be ranked for each service area using the following criteria:

- bids will be ranked in descending order according to the total value of all bids submitted by the Bidder across all service areas in the Clock Round when the bid is submitted, plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round;
- where there is a tie according to the first 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.

A consequence of these ranking criteria is that, once two bids for the same service area have been ranked, their relative ranking will be preserved in any subsequent Clock Rounds.

The first bid according to the above ranking will be declared to be the Provisional Winning Bid for that Clock Round, and the Bidder that submitted such bid will be declared the Provisional Winning Bidder.

The Provisional Winning Price will be equal to the Clock Round price at which the Provisional Winning Bidder submitted its Provisional Winning Bid. In case that the Auction ends, Provisional Winning Bidder will be required to pay the Provisional Winning Price associated with its Provisional Winning Bid, unless they cease to be Provisional Winning Bidder in a subsequent Clock Round.

### ***9.3.6 Prices and price increments***

In the first Clock Round, the Clock Round price for the block available in each 800MHz service area will be the Reserve Price as determined by the Government. The Reserve Price associated with each service area is shown in Table 23.

In subsequent Clock Rounds, Clock Round prices will be increased relative to the previous Clock Round depending 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 bids received in this service area at a price equal to the Clock Round price set in the last completed Clock Round **minus** one.

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Clock round prices in the next Clock Round will 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, 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 by service area and will be positively related to Excess Demand in each service area. 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 Auctioneer will typically follow the rule set out in the following table, though may set any strictly positive percentage increment less than or equal to 10% in the interests of the smooth and expeditious running of the Auction.

**Table 24. Proportionate price increment rule**

<b>Excess Demand</b>	<b>Price increment as a proportion of previous Clock Round price</b>
0	2%
1 or 2	5%
3 or more	10%

The price increment calculated for a service area will always be capped as per the following maximum absolute price increments for each category:

**Table 25. Maximum absolute price increments**

<b>Service area type</b>	<b>Maximum price increment per round (Rs. Crore)</b>
Delhi, Mumbai & Category A	10.00
Kolkata & Category B	5.00
Category C	1.87

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.



***9.3.7 Winning Bids and Winning Prices***

The final Clock Round will be the first Clock Round with an auction Activity Requirement of 100% and in which, 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.

The Provisional Winning Price in that service area at the end of the final Clock Round will become the Winning Price for the service area, and Provisional Winning Bidder will become Winning Bidder, with their associated Provisional Winning Bid becoming the Winning Bid. A consequence of these rules is that the Winning Price in a service area is the highest Clock Round price that results in sale of block in that 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.

***9.3.8 Length of Clock Rounds and extension periods***

Auction rounds will typically only be scheduled to begin between the hours of 09.00 and 17.30 Indian Standard Time on Monday through Friday, except national holidays. However, the Auctioneer 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 will be provided to bidders of this.

Prior to the start of any Clock Round, the Auctioneer 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.

Additionally, Bidders will be notified in advance of the starting time and date of the first Clock Round. At least two working days notice of the first Clock Round will be given.

A Clock Round will not be shorter than 20 minutes. It is expected that during the early rounds of the Auction, Clock Rounds will run for one hour. During the Clock Round, Bidders will be able to enter their bids into the EAS. Entering a bid will be a two-step process, in which Bidders must first enter a bid for checking by the EAS. The EAS will report back to the Bidder the bid logged by the system and whether it is compatible with the Auction Rules. In the event that the bid would lead to a reduction in the Bidder's eligibility, a warning will be given. Optionally, the Bidder will be able to go back and modify the decision entered into the EAS for checking. As a second step, the Bidder must then confirm the bid that has been checked and logged by the EAS. Only bids that are subject to this confirmation step will be accepted.

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Bidders are responsible for ensuring that bids are received and confirmed by the 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 a confirmed bid 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. 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.

In the event that a Bidder has technical problems that prevent access to the EAS, the Bidder must inform the Auctioneer at the first reasonable opportunity. Procedures for submitting bids in exceptional circumstances are described in Annexure J.

Shortly after the end of a Clock Round, results will be announced on a service area-by-service area basis. The information that will be released is described in the following subsection. 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 of 2 hours.

In the event that a Bidder fails to submit a valid, confirmed 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 decision 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 30 minutes in this way.

For the avoidance of doubt, if a bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round, it is still necessary for the bidder to submit and confirm a decision by the end of the round in order to avoid triggering an extension and 10 minutes being docked from its Extension Budget. Furthermore, even if a bidder can neither make any New Bids nor raise any Provisional Winning Bids because (i) a bidder holds Provisional Winning Bids equal to the current round price; and (ii) its total eligibility is equal to the activity associated with these Provisional Winning Bids, then it is still necessary for the bidder to submit and confirm a trivial “no bid” decision to avoid triggering an extension.

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If the original finishing time of the Clock Round has been deferred by 30 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 confirmed decision 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. of zero blocks in each service area.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. For the avoidance of doubt, one 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 be penalised 10 minutes 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 entered and confirmed 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 may close prior to the finishing time of an extension period if the EAS has received bids from all Bidders. For the avoidance of doubt, 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.

There will be the following minimum times between the ending of one Clock Round and the starting of the next:

- If no extensions are triggered in the current Clock Round, there will not be less than 20 minutes between the finishing time of the current Clock Round and the starting time of the next Clock Round;
- If the finishing time of the current Clock Round is extended, there will not be less than 30 minutes between the original scheduled finishing time of the current Clock Round and the starting time of the next Clock Round and not less than 20 minutes between the extended finishing time of the current Clock Round and the starting time of the next Clock Round.

In early rounds of the Auction, it is expected that about one hour will be left between the end of one Clock Round and the start of the next.

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

- reschedule the start of a Clock Round whose starting time has been announced but the Clock Round not yet started;

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- reschedule 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.

### **9.4 Information policy**

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

- a list of the qualified Bidders;
- the information provided in these Bidders' applications about their ownership structures;
- the number of Initial Eligibility Points applied for by each Bidder; and
- the amount of deposit provided by the Bidder.

During the Clock 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 in each service area in the last completed Clock Round; and
- the Excess Demand in each service area.

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

- the Provisional Winning Bids held by that Bidder in each service area at the end of the completed round;
- the Provisional Winning Price in each service area at the end of the completed round;
- total number of Eligibility Points available to the particular Bidder for the next Clock Round;
- 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 Bidders:

- that the last completed Clock Round was the final Clock Round;
- the Winning Prices;

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- the Winning Bids and the identities of the Winning Bidders;
- the number of unsold blocks across service areas.

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.

### **9.5 Collusion and other prohibited behaviour**

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 qualified Bidders;
- breaches or attempts to breach the secure measures within the EAS;
- frustrates or attempts to frustrate 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 may forfeit its deposit.

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 deposit.

## **X THE BWA AUCTION – AUCTION RULES**

### **10.1 Conduct of the Auction**

The e-auction will be run over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) using standard web browsing software.

Prior to the Auction, qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a digital certificate (supplied on CDROM that will need to be installed on the computer used for bidding); and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auctioneer without delay.

Qualified bidders will be provided with a detailed manual explaining how to use the EAS (the “EAS manual”). This documentation and authentication tokens will be provided to bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure I, though the EAS manual should be taken as definitive in this regard.

Bidders are expected 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. With the prior permission of the Auctioneer, it will be possible for Bidders to submit bids by alternative means if technical problems prevent access to the EAS. These measures are outlined in Annexure J.

### **10.2 Overview of the Auction stages**

Spectrum licences available for award in this process will be allocated by simultaneous ascending e-auction.

The award is a two-stage process:

- A Clock Stage will establish the Bidders to be awarded a block in each of the 22 service areas listed in Table 26 where there is at least one block available to auction (the “BWA service areas”). In this stage, in each service area Bidders will bid for a generic block (i.e. a right to a single 20MHz spectrum block in the 2.3GHz band but not linked to any specific frequency within this band). The Clock Stage will consist of a number of rounds. These Clock Rounds will stop once (i) for every BWA 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; 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 subsequently). This will

establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;

- The Clock Stage will be followed by an Assignment Stage that will allocate specific frequencies available to the Winning Bidders in each service area identified in the Clock Stage. The assignments will be announced simultaneous with the outcome of the Clock Stage. The initial allocation of the frequencies will be done randomly by the software. The Government reserves the right to change this allocation over the duration of the licence period where this may promote spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for circles in which they are assigned blocks.

### **10.3 The Clock Stage**

#### ***10.3.1 Overview***

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

In each Clock Round, Bidders will be told the Clock Round price of a block in each of the BWA service areas. Bidders will be able to bid for at most one generic block in each service area. Therefore, in each Clock Round, a Bidder's decisions will consist of a yes/no choice of whether to make a bid on each of the BWA service areas. By bidding on a service area, if that bid becomes a Winning Bid, the Bidder commits to buy any block in that service area at a price not greater than the Clock Round price in the round when the bid was submitted.

A Clock Round will close at a finishing time specified by the Auctioneer, 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 9.3.8.

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;
- considered bids will be ranked according to their value and then, if necessary, using the tie-breaking criteria detailed in Section 9.3.5;
- 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;

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- the lowest round clock price at which any of the Provisional Winning Bids was submitted will be the Provisional Winning Price in that service area.

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 9.3.4. 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 of a generic block in each service area will be set equal to the Reserve Price (as shown in Table 26). For subsequent rounds, the Clock Round prices for each service area will be set as follows:

- if the Excess Demand (discussed further in Section 9.3.6) is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- otherwise, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a price increment linked to the amount of Excess Demand (discussed further in Section 9.3.6).

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:

- (a) for every service area, the number of bids at the current Clock Round price is less than or equal to the number of available blocks in that service area; **and**
- (b) the Activity Requirement has been increased to the maximum level (i.e. the Auction Activity Requirement is set to 100%, as discussed subsequently in Section 10.3.4).

All Provisional Winning Bids for blocks at the end of the final Clock Round will be 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 a generic block in each service area at the Winning Price.

A consequence of these rules is that if a Bidder is a Provisional Winning Bidder in a service area in Clock Round R, but a further Clock Round R+1 occurs with a higher Clock Round price, then that Bidder will need to make a bid at the higher clock price in Clock Round R+1 to be guaranteed to win a block if round R+1 happens to be the final Clock Round. If the Bidder does not raise its bid in round R+1 to the higher clock price, but this turns out to be the last Clock Round, the Bidder will only win a block in the event that there are fewer Provisional Winning Bids equal to the clock price than the number of available blocks in the service area.



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At the end of the Clock Stage, the Auctioneer will announce both the Winning Bidders and the specific frequencies that are randomly assigned to each Winning Bidder in the Assignment Stage.

### ***10.3.2 Making bids during Clock Rounds***

In each Clock Round, Bidders will be presented with a bid form by the EAS. For each of the BWA service areas the bid form will display:

- the name of the service area;
- the number of blocks available in the service area;
- the number of Eligibility Points linked to a block in the service area (discussed subsequently in Section 9.3.3);
- the Clock Round price in the service area for the current Clock Round;
- after the first Clock Round, whether the Bidder is a Provisional Winning Bidder in that service area and, if so, the ranking of its bid in that service area;
- after the first Clock Round, the Provisional Winning Price in that service area; and
- after the first Clock Round, the Clock Round price and the total number of bids received in that service area in the last completed Clock Round.

On the bid form, each service area will have a tick-box associated to it. The Bidder will be required to tick the boxes associated with the service area(s) in which it wishes to place a bid for one block at the specified Clock Round price. If a bidder was a Provisional Winning Bidder in the immediately previous clock round, and the Clock Round price in the current round is equal to that in the previous round, then there will be no tick-box shown on the bid form to make a new bid, as under these circumstances it is not possible for a bidder to increase its current Provisional Winning Bid. Regardless of whether a bidder is making new bids or whether it is simply maintaining its bids on blocks where it is a Provisional Winning Bidder, however, the bidder will need to check and submit a bid in each round.

Bids are subject to the Activity Rules described in Section 9.3.4.

Bidders are required to make a bid for at least one service area in the first Clock Round. Any Bidder who fails to make a bid for at least one BWA service area in the first Clock Round will forfeit its deposit in its entirety.

In the event that a Bidder is unable to access the EAS, the Auctioneer may allow the Bidder to submit a bid by fax or any other means that the Auctioneer permits to enable an orderly auction process. In advance of the Auction, qualified Bidders will be provided with forms listing the BWA service areas that must be used for making any such fax bids and a set of passwords to be used to verify any such communication with the Auctioneer.

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Qualified Bidders will need to provide details of the persons authorised to certify bids submitted by such alternative means in advance of the Auction. The Auctioneer is under no obligation to accept bids other than those submitted through the EAS. Bidders should ensure that they have reliable access to the EAS and must inform the Auctioneer of any difficulties they might have in accessing the EAS at the first reasonable opportunity using contact telephone numbers provided in advance of the Auction. Back-up procedures for making bids in exceptional circumstances are detailed in Annexure J.

### *10.3.3 Eligibility Points*

For the purposes of applying an Activity Rule, each of the 20MHz blocks in each BWA service area has been assigned a specific number of Eligibility Points, based on the Reserve Price of licences in that service area. The number of points associated with a 20MHz block in each service area is listed in the following table:

<b>Table 26. Reserve prices, deposits required and associated Eligibility Points</b>					
<b>Service area type</b>	<b>Number of service areas of this type</b>	<b>Names of service areas</b>	<b>Reserve price for each service area (Rs. Crore)</b>	<b>Required deposit per service area (Rs. Crore)</b>	<b>Number of Eligibility Points associated with a block</b>
Delhi, Mumbai & Category A	7	Delhi Mumbai Andhra Pradesh Gujarat Karnataka Maharashtra Tamil Nadu	160.00	20.00	32
Kolkata & Category B	9	Kolkata West Bengal Haryana Kerala Madhya Pradesh Punjab Rajasthan Uttar Pradesh (W) Uttar Pradesh (E)	60.00	10.00	12
Category C	6	Assam Bihar Himachal Pradesh Jammu & Kashmir North East Orissa	15.00	3.75	3

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Each Bidder begins the Auction with the Initial Eligibility applied for by the Bidder and subsequently approved by the Auctioneer during the application process. This Initial Eligibility will limit Bidders' subsequent ability to make bids as described in the following subsection.

As each Bidder is able to bid for at most one block in each BWA service area, the maximum Initial Eligibility that can be applied for is 350 points. Therefore, Bidders may apply for any Initial Eligibility between 3 and 350 points. 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 qualified to bid in the Auction.

Bidders must make deposits in proportion to their Initial Eligibility. A deposit or bank guarantee of the value of the sum of the bank guarantee amounts linked to the service areas in which the bidder wishes to bid on during the Auction must be received prior to the deadline notified to Bidders by the Government. Any Bidder failing to make such a deposit by this deadline may not participate in the Auction.

### ***10.3.4 Activity Rule***

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 a block;
- After the first Clock Round, the sum of:
  - (i) the Eligibility Points associated with 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 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 Auctioneer 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:

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- 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 following Clock Round 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 (n+1) will be equal to its activity level in the current Clock Round (n) multiplied by the reciprocal of the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder Eligibility Points in round n+1} = \text{Activity level in round n} \times \frac{1}{\text{Auction Activity Requirement in round n}}$$

For example, suppose that in the first Clock Round, Bidder X has an eligibility of 48 points. If the Auction Activity Requirement is 80%, the Bidder's Activity Requirement is 39 points (80% x 48 rounded up to the nearest whole number). Suppose that Bidder X submits a bid with an associated activity of 42 points, then, the eligibility of Bidder X in the second Clock Round would be equal to 48 points. However, suppose that Bidder X submits a bid with an associated activity of 30 points; then the eligibility of Bidder X in the second Clock Round would be reduced to 37 points (30 \* 1/80% rounded down to the nearest whole number).

Bidders will be informed of their eligibility and the associated Activity Requirement in each Clock Round in advance of 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 would be determined by the Auctioneer depending on the extent of overall bidding activity in the Auction process.

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

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

At the end of each Clock Round, for each service area, only the highest bid submitted by each Bidder in any completed Clock Round will be considered. Considered bids will be 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 (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 value of bids submitted by the Bidder across all service areas in the Clock Round when the bid is submitted,

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plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round;

- where 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.

A consequence of these ranking criteria is that, once two bids for the same service area have been ranked, their relative ranking will be preserved in any subsequent Clock Rounds.

Where a service area 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 there are fewer than  $n$  such bids for that service area, all such bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids. In case that the Auction ends, Provisional Winning Bidders will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids, unless they cease to be Provisional Winning Bidders in a subsequent Clock Round. Note that the Provisional Winning Price associated with a Provisional Winning Bid may increase if New Bids are received from other Bidders; however, the Provisional Winning Price will never be greater than the Clock Round price at which the Provisional Winning Bid was submitted.

### *10.3.6 Prices and price increments*

In the first Clock Round, the Clock Round price per block in each BWA service area will be the Reserve Price as determined by the Government. The Reserve Price associated with each service area is shown in Table 26.

In subsequent Clock Rounds, Clock Round prices will be increased relative to the previous Clock Round depending 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 bids received in that 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.

Clock round prices in the next Clock Round will 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;

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- 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, 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 by service area and will be positively related to Excess Demand in each service area. 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 Auctioneer will typically follow the rule set out in Table 27, though may set any strictly positive increment less than or equal to 10% in the interests of the smooth and expeditious running of the Auction.

**Table 27. Proportionate price increment rule**

<b>Excess Demand</b>	<b>Price increment as a proportion of previous Clock Round price</b>
0	2%
1 or 2	5%
3 or more	10%

The price increment calculated will always be capped as per the following maximum absolute price increments for each category:

**Table 28. Maximum absolute price increments**

<b>Service area type</b>	<b>Maximum price increment per round (Rs. Crore)</b>
Delhi, Mumbai & Category A	20.00
Kolkata & Category B	10.00
Category C	3.75

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.

### **10.3.7 Winning Bids and Winning Prices**

The final Clock Round will be the first Clock Round with an auction Activity Requirement of 100% and in which, for each BWA 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.

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The Provisional Winning Price in that service area at the end of the final Clock Round will become the Winning Price for that service area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. A consequence of these rules is that the Winning Price in a service area is the highest Clock Round price that maximises the number of blocks sold in that service area.

As a consequence of the rules, the Winning Price in any service area in which there are unsold blocks will be the Reserve Price. 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.

### ***10.3.8 Length of Clock Rounds and extension periods***

Auction rounds will only be scheduled to begin between the hours of 09.00 and 17.30 Indian Standard Time on Monday through Friday, except national holidays. However, the Auctioneer 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 will be provided to bidders of this.

Prior to the start of any Clock Round, the Auctioneer 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.

Additionally, Bidders will be notified in advance of the starting time and date of the first Clock Round. At least two working days notice of the first Clock Round will be given.

A Clock Round will not be shorter than 20 minutes. It is expected that during the early rounds of the Auction, Clock Rounds will run for one hour. During the Clock Round, Bidders will be able to enter their bids into the EAS. Entering a bid will be a two-step process, in which Bidders must first enter a bid for checking by the EAS. The EAS will report back to the Bidder the bid logged by the system and whether it is compatible with the Auction Rules. In the event that the bid would lead to a reduction in the Bidder's eligibility, a warning will be given. Optionally, the Bidder will be able to go back and modify the decision entered into the EAS for checking. As a second step, the Bidder must then confirm the bid that has been checked and logged by the EAS. Only bids that are subject to this confirmation step will be accepted.

Bidders are responsible for ensuring that bids are received and confirmed by the 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 a confirmed bid 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. Bidders submitting decisions close to the end of the Clock Round do so entirely at

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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.

In the event that a Bidder has technical problems that prevent access to the EAS, the Bidder must inform the Auctioneer at the first reasonable opportunity. Procedures for submitting bids in exceptional circumstances are described in Annexure J.

Shortly after the end of a Clock Round, results will be announced on a service area-by-service area basis. The information that will be released is described in the following subsection. 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 of 2 hours.

In the event that a Bidder fails to submit a valid, confirmed 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 decision 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 30 minutes in this way.

For the avoidance of doubt, if a bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round, it is still necessary for the bidder to submit and confirm a decision by the end of the round in order to avoid triggering an extension and 10 minutes being docked from its Extension Budget. Furthermore, even if a bidder can neither make any New Bids nor raise any Provisional Winning Bids because (i) a bidder holds Provisional Winning Bids equal to the current round price; and (ii) its total eligibility is equal to the activity associated with these Provisional Winning Bids, then it is still necessary for the bidder to submit and confirm a trivial “no bid” decision to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 30 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 confirmed decision 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 Bids. As a consequence, the Bidder’s eligibility in the following Clock Round will be



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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.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. For the avoidance of doubt, one 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 be penalised 10 minutes 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 entered and confirmed 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 may close prior to the finishing time of an extension period if the EAS has received bids from all Bidders. For the avoidance of doubt, 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.

There will be the following minimum times between the ending of one Clock Round and the starting of the next:

- If no extensions are triggered in the current Clock Round, there will not be less than 20 minutes between the finishing time of the current Clock Round and the starting time of the next Clock Round.
- If the finishing time of the current Clock Round is extended, there will not be less than 30 minutes between the original scheduled finishing time of the current Clock Round and the starting time of the next Clock Round and not less than 20 minutes between the extended finishing time of the current Clock Round and the starting time of the next Clock Round.

In early rounds of the Auction, it is expected that about one hour will be left between the end of one Clock Round and the start of the next.

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

- reschedule the start of a Clock Round whose starting time has been announced but the Clock Round not yet started;
- reschedule 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.

#### **10.4 Assignment Stage**

The outcome of the Assignment Stage will be announced at the same time as the Clock Stage results. The Winning Bidders will be allocated to specific frequencies at random by the EAS.

#### **10.5 Information policy**

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

- a list of the qualified Bidders;
- the information provided in these Bidders' applications about their ownership structures;
- the number of Initial Eligibility Points applied for by each Bidder; and
- the amount of deposit provided by the Bidder.

During the Clock 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 in each service area in the last completed Clock Round; and
- the Excess Demand in each service area.

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

- the Provisional Winning Bids held by that Bidder in each service area at the end of the completed round;
- the ranking of any provisional bids held by that Bidder amongst all the provisional bids within the relevant service area;
- the Provisional Winning Price for each service area at the end of the completed round;
- total number of Eligibility Points available to the particular Bidder for the next Clock Round;
- the price increment to be applied to 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 Bidders:

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- that the last completed Clock Round was the final Clock Round;
- the Winning Prices;
- the Winning Bids and the identities of the Winning Bidders;
- the number of unsold blocks for each service area (i.e. the number of blocks available less the total number of Winning Bids in each service area); and
- the random allocation of frequencies to Winning Bidders as determined by the EAS in the Assignment Stage.

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.

### **10.6 Collusion and other prohibited behaviour**

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 qualified Bidders;
- breaches or attempts to breach the secure measures within the EAS;
- frustrates or attempts to frustrate 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 may forfeit its deposit.

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 deposit.

**XI APPLICATION INSTRUCTIONS**

Applications must be submitted in hard copy, in triplicate, to be received at the latest by 5:00 p.m. on 21<sup>st</sup> December, 2009 (Indian Standard Time) at the following address:

Department of Telecommunications – Auction Team  
Office of the Joint Secretary (T)  
Department of Telecommunications,  
Sanchar Bhawan,  
20 Ashoka Road,  
New Delhi

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 DoT website.

Applications should be marked:

**“Application for Pre-Qualification – 3G Auction/ 800MHz Auction/  
BWA Auction”**

Applications should contain:

- A completed Application Form and all supporting information including the necessary undertakings;
- The Applicant shall pay a non-refundable application fee of Rs. 100,000/- payable to Pay and Accounts Officer, DoT, New Delhi, through a demand draft;
- 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.

Withdrawal of applications shall be allowed by means of a written request to the Department of Telecommunications – Auction Team up to seven calendar days before the scheduled start of the Auctions.

## **XII CONTACT AND FURTHER INFORMATION**

### **12.1 Contacts for further enquiries**

Enquires may be directed to the following e-mail address: [spectrum-dot@nic.in](mailto:spectrum-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.

### **12.2 Further information**

Annexures A to I form a part of this Memorandum. These annexures contain the following:

- A. Regulatory regime in the Indian telecommunications sector
- B. Detailed definition of service areas
- C. Standard UAS licence
- D. Guidelines for obtaining UAS licence
- E. Standard ISP-category 'A' licence
- F. Guidelines for obtaining ISP-category 'A' licence
- G. Illustration of Auction Rules
- H. Application checklist and formats
- I. System requirements for accessing the EAS
- J. Back up procedures for making bids
- K. Definitions and glossary of terms

### **12.3 Disclosure of further information**

Following issue of this Memorandum, the Government has the discretion to publish further information and amend the Memorandum from time to time. All such amendments will constitute a part of the Memorandum.

## **XIII ANNEXURE**

### **A. Regulatory regime in the Indian telecommunications sector**

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
- Communication Convergence Bill 2001
- Telecom Regulatory Authority of India Act 1997

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

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

#### ***A.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.

#### ***A.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

- Wireless spectrum management
- Administrative monitoring of Public Sector Undertakings in telecom (including BSNL and MTNL)
- Research and development
- Standardization/ validation of equipment
- International relations

### ***A.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.

### ***A.4 Telecom Dispute Settlement & Appellate Tribunal***

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 29<sup>th</sup> 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.

### ***A.5 Wireless Planning & Coordination 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, siting clearance of all wireless installations in the country etc.

### ***A.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



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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.

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### B. Detailed definition of service areas

<b>Delineation of service areas (Telecom circles/metros) for licence purpose – UAS licence</b>			
<b>Sl. No.</b>	<b>Name of Telecom Circle/ Metro Service Area</b>	<b>Areas covered</b>	<b>Category</b>
1	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	B
2	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	A
3	Assam	Entire area falling within the State of Assam.	C
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 25 <sup>th</sup> August, 2000.	C
5	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Havelli).	A
6	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon telephone exchanges.	B
7	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	C
8	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	C
9	Karnataka	Entire area falling within the State of Karnataka.	A
10	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	B
11	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chhattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No.28 of 2000) dated 25 <sup>th</sup> August, 2000.	B
12	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	A
13	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	C
14	Orissa	Entire area falling within the State of Orissa.	C

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<b>Sl. No.</b>	<b>Name of Telecom Circle/ Metro Service Area</b>	<b>Areas covered</b>	<b>Category</b>
15	Punjab	Entire area falling within the State of Punjab and Union territory of Chandigarh and Panchkula town of Haryana.	B
16	Rajasthan	Entire area falling within the State of Rajasthan.	B
17	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union territory of Pondicherry including local areas served by Chennai Telephones, Maramalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram exchanges.	A
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 Re-Organisation Act, 200 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.	B
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.	B
20	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida and Gurgaon telephone exchanges.	Metro
21	Kolkata	Local areas served by Calcutta telephones	Metro
22	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan telephone exchanges	Metro

### **Notes**

Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom circle in East Godavari LDCA

**C. Standard UAS licence**

Provided at the following link:

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

**D. Guidelines for obtaining UAS licence**

Provided at the following link:

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

**E. Standard ISP-category ‘A’ licence**

Provided at the following link:

<http://www.dot.gov.in/ispt/isptindex.htm>

**F. Guidelines for obtaining ISP-category ‘A’ licence**

Provided at the following link:

<http://www.dot.gov.in/ispt/isptindex.htm>

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### G. Illustration of Auction Rules

There are three lots in circle X.

The provisional winners at the end of each round are shown in bold.

An 'x' represents a bid in that round at the clock price; a '-' represents no bid in that round, though a bidder may continue to be a provisional winner if no new higher bids are received in that round.

Price increments shown as P+1 etc.

#### EG1 Excess demand in circle X in Round n; no excess demand in other circles

Clock price in round

Round	Bidder						
	A	B	C	D	E	F	
n	<b>x (3)</b>	<b>x (1)</b>	x (5)	x (4)	<b>x (2)</b>	-	P
n+1	<b>x (2)</b>	<b>x (1)</b>	<b>x (3)</b>	-	-	x (4)	P+1
	Auction continues with bids ranked as shown						
n+1	x	-	x	x	-	-	P+1
	Auction closes; A, D and C are winners and pay P+1						
n+1	x	x	-	-	x	-	P+1
	Auction closes; B, E and A are winners and pay P+1						
n+1	-	-	x	x	-	x	P+1
	Auction closes; D, C and F are winners and pay P+1						
n+1	x	x	-	-	-	-	P+1
	Auction closes; B, A and E are winners and pay P						
n+1	x	-	x	-	-	-	P+1
	Auction closes; A, C and B are winners and pay P						
n+1	-	-	-	-	-	x	P+1
	Auction closes; F, B and E are winners and pay P						
n+1	-	-	-	-	-	-	P+1
	Auction closes; B, E and A are winners and pay P						

#### EG1 Excess supply in circle X and excess demand in at least one other circle in round n; no excess demand in other circles in round n+1

Round	Bidder				
	A	B	C	D	
n	<b>x (1)</b>	<b>x (2)</b>	-	-	P
n+1	- (1)	- (2)	<b>x (3)</b>	x (4)	P
	Auction continues with bids ranked as shown				
n+1	-	-	x	-	P
	Auction closes; A, B and C are winners and pay P				
n+1	-	-	-	-	P
	Auction closes; A and B are winners and pay P				
	(Unsold lot only because never had three bids for this circle in this case.)				



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**EG3 Supply equal to demand in circle X and excess demand in at least one other circle in round n; no excess demand in other circles in round n+1**

Round	Bidder				
	A	B	C	D	
n	x (3)	x (2)	-	x (1)	P
n+1	x (2)	x (3)	x (4)	x (1)	P+1
	Auction continues with bids ranked randomly				
n+1	x	x	-	x	P+1
	Auction closes; D, B and A are winners and pay P+1				
n+1	-	x	x	x	P+1
	Auction closes; D, B and C are winners and pay P+1				
n+1	x	x	-	-	P+1
	Auction closes; D, B and A are winners and pay P				
n+1	-	x	-	-	P+1
	Auction closes; A, B and D are winners and pay P				
n+1	-	-	x	-	P+1
	Auction closes; C, D and B are winners and pay P				
n+1	-	-	-	-	P+1
	Auction closes; D, B and A are winners and pay P				

**EG3**

Round	Bidder				
	A	B	C	D	
n-1	x (3)	x (2)	x (1)	x (4)	P
n	x (1)	- (3)	- (2)	-	P+1
	(B and C now secondary provisional winners)				
n+1	x (1)	x (3)	x (2)	x (4)	P+1
	Auction continues with bids ranked as shown				
n+1	x	x	x	-	P+1
	Auction closes; A, C and B are winners and pay P+1				
n+1	x	-	x	x	P+1
	Auction closes; A, C and D are winners and pay P+1				
n+1	x	-	x	-	P+1
	Auction closes; A, C and B are winners and pay P				
n+1	-	-	-	-	P+1
	Auction closes; A, C and B are winners and pay P				

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### H. Application Checklist

S 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 Understanding. 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 break-down 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, 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 each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees	<input type="checkbox"/>	

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

<b>S No</b>	<b>Particulars</b>	<b>Please tick</b>	<b>Page number of Application document</b>
	<ul style="list-style-type: none"><li>▪ In case of step-down subsidiaries, the shareholding details at each level have to be submitted, in the same format as above, 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>	<input type="checkbox"/>  <input type="checkbox"/>	
	<b><i>In case of Prospective New Entrants:</i></b>		
13.	Self-certification with supporting documents of having the experience of running 3G services in any country	<input type="checkbox"/>	
14.	Undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS licence through an Indian company registered under the Companies Act 1956 in advance of starting commercial operations	<input type="checkbox"/>	

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### *H.1 Application Format for the 3G Auction*

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 RADIO SPECTRUM IN THE 2.1GHz BAND

#### **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

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.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

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

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the 3G 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>Networth</b>	<b>Paid-up capital</b>

*(Note: Complete break-up of 100% of equity must be given. Equity holding upto 5% of the total equity shared among various shareholder 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 (alongwith its Associated Licensees) does not currently hold a UAS/ CMTS licence, it will acquire a UAS licence.)*

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

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

*(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:

Type of the Licence (Basic Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II etc) and service area	Name of the Company	Status whether operative/ surrendered/ terminated

*(Type of the Licence means Basic/ Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II 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. Networth required for the Licence

No. of cellular/ UAS licence in category A service area	No. of Cellular/UAS licence in category B service area	No. of Cellular/UAS licence in category C service area
U	V	W
$U * 100 = X$	$V * 50 = Y$	$W * 30 = Z$

Total = X+Y+Z

11. Paid up capital of the Company (certificate from Company Secretary or authorised 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 authorised 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 in the UAS guidelines, 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.)*

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

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. For Applicants who are not existing UAS/ CMTS licensees, nor having any Associated Licensees, a self-certification with supporting documents of having the experience of running 3G services in any country.

16. 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 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 3G 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 pre-condition 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.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

- 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 to the best of its ability, that all of its Insiders and Associated Licencees 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)



## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### *H.2 Application Format for the 800MHz Auction*

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 RADIO SPECTRUM IN THE 800MHz BAND

#### **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

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.)*

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

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

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

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the 800MHz 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.)*

S No	Name of Promoter/ Partner/ Shareholder	Indian/ Foreign	Equity percentage	Networth	Paid-up capital

*(Note: Complete break-up of 100% of equity must be given. Equity holding upto 5% of the total equity shared among various shareholder 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.

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

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

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

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

*(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:

Type of the Licence (Basic Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II etc) and service area	Name of the Company	Status whether operative/ surrendered/ terminated

*(Type of the Licence means Basic/ Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II 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. Networth required for the Licence

No. of cellular/ UAS licence in category A service area	No. of Cellular/UAS licence in category B service area	No. of Cellular/UAS licence in category C service area
U	V	W
$U * 100 = X$	$V * 50 = Y$	$W * 30 = Z$

Total = X+Y+Z

11. Paid up capital of the Company (certificate from Company Secretary or authorised 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 authorised 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 in the UAS guidelines, 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.)*

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

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 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 800MHz 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 pre-condition 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.
- 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.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

- 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 to the best of its ability, that all of its Insiders and Associated Licencees 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)

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### **H.3 Application Format for the BWA Auction**

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 RADIO SPECTRUM IN THE 2.3GHz BAND

#### **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:

*(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

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.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

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

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the BWA 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>Networth</b>	<b>Paid-up capital</b>

*(Note: Complete break-up of 100% of equity must be given. Equity holding upto 5% of the total equity shared among various shareholder 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/ ISP (category ‘A’ or category ‘B’) 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/ ISP (Category ‘A’ or Category ‘B’))</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 (alongwith its Associated Licensees) does not currently hold a UAS/ CMTS/ ISP (Category ‘A’ or Category ‘B’) licence, it will acquire a UAS or an ISP-category ‘A’ licence.)*

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

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

*(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:

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

*(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 Network required for the Licence

No. of cellular/ UAS licence in category A service area	No. of Cellular/UAS licence in category B service area	No. of Cellular/UAS licence in category C service area
U	V	W
U * 100 = X	V * 50 = Y	W * 30 = Z

Total = X+Y+Z

11. Paid up capital of the Company (certificate from Company Secretary or authorised 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 authorised 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 in the UAS guidelines, then it need not submit particulars required in 12a.)*



## **Auction of 3G and BWA Spectrum – Revised Information Memorandum**

*(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 authorised 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 licence or the ISP-category 'A' 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 BWA 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 pre-condition to or as a consequence of the allocation of spectrum, including the requirement of migration of ISP category 'B' licence to an ISP category 'A' licence, if applicable.
- 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 to the best of its ability, that all of its Insiders and Associated Licencees 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)

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### **H.4 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 2.1GHz band/ 800MHz band/ 2.3GHz band in compliance to DoT Notice Document 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) If 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 request and any demand in respect thereof should reach the Bank not later than the date up to which this Bank Guarantee is valid.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

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

Dated \_\_ day <month>, 2009

<Name of Bank>

Signature

Witness:

1) \_\_\_\_\_

2) \_\_\_\_\_

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

***H.5 Format for an undertaking to obtain a UAS licence (for existing licensees)***

*(applicable in the case of the 3G Auction and the 800MHz Auction 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 LICENCE**

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 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 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 UAS Applicant”);
- c) That the Nominated UAS Applicant will satisfy all the conditions required to obtain a UAS licence as per the UAS guidelines;
- d) That the Applicant has read and understood the UAS guidelines;
- e) That in case the UAS licence application of the Nominated UAS Applicant is rejected, the Government shall have the right to revoke the spectrum;
- f) That in case an application for a UAS licence by the Nominated UAS 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 UAS Applicant are different entities, the Applicant and the Nominated UAS 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 UAS Applicant before the Nominated UAS Applicant submits the UAS licence application along with a certified copy of the Adherence Undertaking.

Date:

Signature and name of the Authorised Signatory

Place:

(Company’s Seal)

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### **H.6 Format for undertaking to obtain UAS licence/ ISP-category ‘A’ licence (for existing licencees)**

*(applicable in the case of the BWA Auction in respect of any service area where neither the Applicant nor any of its Associated Licensees has an existing UAS/ CMTS/ ISP licence)*

*(please use the relevant option between UAS licence or ISP-category ‘A’ licence, as applicable)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE/ ISP LICENCE**

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 neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant, is a UAS/ CMTS/ ISP 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 licence/ ISP-category ‘A’ 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 UAS Applicant” or “Nominated ISP Applicant”);
- c) That the Nominated UAS Applicant/ Nominated ISP Applicant will satisfy all the conditions required to obtain a UAS licence/ ISP-category ‘A’ licence as per the UAS guidelines/ ISP guidelines;
- d) That the Applicant has read and understood the UAS guidelines/ ISP guidelines;
- e) That in case the UAS licence/ ISP-category ‘A’ licence application of the Nominated UAS Applicant/ Nominated ISP Applicant is rejected, the Government shall have the right to revoke the spectrum;
- f) That in case an application for a UAS licence/ ISP-category ‘A’ licence by the Nominated UAS Applicant/ Nominated ISP 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 UAS Applicant/ Nominated ISP Applicant are different entities, the Applicant and the Nominated UAS Applicant/ Nominated ISP 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 UAS Applicant/ Nominated ISP Applicant before the Nominated UAS Applicant/ Nominated ISP Applicant submits the UAS licence/ ISP-category ‘A’ licence application along with a certified copy of the Adherence Undertaking.

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### **H.7 Format for undertaking to obtain UAS licence (for Prospective New Entrant)**

*(applicable in the case of the 3G Auction and the 800MHz Auction in respect of each service area where the Applicant wishes to bid for)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE**

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 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 licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum holding of at least 26% (“New Entrant Nominated UAS Applicant”);
- c) That the New Entrant Nominated UAS Applicant will satisfy all the conditions required to obtain a UAS licence as per the UAS guidelines;
- d) That the Applicant has read and understood the UAS guidelines;
- e) That in case the UAS licence application of the New Entrant Nominated UAS Applicant is rejected, the Government shall have the right to revoke the spectrum;
- f) That in case an application for a UAS licence by the New Entrant Nominated UAS 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 New Entrant Nominated UAS Applicant are different entities, the Applicant and the New Entrant Nominated UAS Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain and undertaking to this effect (“Adherence Undertaking”) from the New Entrant Nominated UAS Applicant before the New Entrant Nominated UAS Applicant submits the UAS licence application along with a certified copy of the Adherence Undertaking;

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company’s Seal)



## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### ***H.8 Format for an undertaking to obtain a UAS licence or an ISP-category ‘A’ licence (for Prospective New Entrants)***

*(applicable in the case of the BWA Auction in respect of each service area where the Applicant wishes to bid for)*

*(please use the relevant option between UAS licence or ISP-category ‘A’ licence, as applicable)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE/ ISP LICENCE**

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 neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant is a UAS/ CMTS/ ISP 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 licence/ ISP-category ‘A’ licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum holding of at least 26% (“New Entrant Nominated UAS Applicant” or “New Entrant Nominated ISP Applicant”);
- c) That the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant will satisfy all the conditions required to obtain a UAS licence/ ISP-category ‘A’ licence as per the UAS guidelines/ ISP guidelines;
- d) That the Applicant has read and understood the UAS guidelines/ ISP guidelines;
- e) That in case the UAS licence/ ISP-category ‘A’ licence application of the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant is rejected, the Government shall have the right to revoke the spectrum;
- f) That in case an application for a UAS licence/ ISP-category ‘A’ licence by the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP 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 New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant are different entities, the Applicant and the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain and undertake to this effect (“Adherence Undertaking”) from the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant before the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant submits the UAS licence/ ISP-category ‘A’ licence application along with a certified copy of the Adherence Undertaking;

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

***H.9 Format for an undertaking to nominate a Group Bidding Entity for the 3G Auction/ the 800MHz Auction***

*(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 3G Spectrum in the 3G Auction/ 800MHz Spectrum in the 800MHz Auction on its behalf in the following service areas:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
- b) That the Nominator is a UAS/ CMTS licensee 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 in the Notice) before award of spectrum.

Signed:

For <name of the Nominator Company>

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

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

Signed:  
For <name of the Group Bidding Entity>

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

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

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

***H.10 Format for an undertaking to nominate a Group Bidding Entity for the BWA Auction***

*(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 BWA Spectrum in the BWA Auction on its behalf in the following service areas:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
- b) That the Nominator is a UAS/ CMTS/ ISP (Category ‘A’ or ‘B’) licensee in all the service areas mentioned in point 1 (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/ ISP licence (as required by the conditions specified in the Notice) before award of spectrum;

Signed:

For <name of the Nominator Company>

Authorised signature

Authorised signature

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

(name and position)

(name and position)

Company seal affixed

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

Signed:

For <name of the Group Bidding Entity>

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

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

**Auction of 3G and BWA Spectrum – Revised Information Memorandum**

***H.11 Format for Ownership Compliance Certificate for the 3G Auction/ the 800MHz Auction***

*(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 3G Auction/ 800MHz Auction 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 signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

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

## Auction of 3G and BWA Spectrum – Revised Information Memorandum

### **H.12 Format for Ownership Compliance Certificate for the BWA Auction**

(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 BWA Auction 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 signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

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



**I. 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 will not need any specialist hardware or software and can access the system using a standard Internet browser. 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.

***I.1 Operating system and software***

The EAS works on a wide range of operating systems and Internet browsers complemented with Java. However, the digital 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. Windows XP (Service Pack 2 (or greater) with Internet Explorer 7 (or greater)), Windows Vista and Macintoshes with OSX are all able to use these longer keys. Obsolete versions of Internet Explorer may not support longer keys.

The EAS has been tested using a few popular configurations, and therefore we recommend that Bidders use:

- Windows XP Service Pack 3 or Windows Vista Service Pack 1 (or greater) with Internet Explorer 7 (or greater) or Firefox 3.5, and Java 1.5 or 1.6; or
- Mac OSX with Safari and Java 1.5 or 1.6.

***I.2 Java***

The EAS uses a Java application embedded within a web page. This requires the Bidders’ Internet browser to support Java. Under Windows, the browser will usually, but not always, have Java enabled by default. **It is important that Bidders have an up-to-date version of Java installed on any computer to be used for bidding in the Auction, as older versions may not be able to cope with the long digital certificates used.**

If Bidders are using Windows, Bidders can find out if they have Java installed on their computer using Sun’s Java installation verification tool found at:

<http://www.java.com/en/download/installed.jsp>

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If Bidders are using Mac OSX, use the Software Update feature (found on the Apple menu) to check if Bidders have the most up-to-date version of Java for their Mac. If Bidders need to install java, this is available from Sun Microsystems' Java website at <http://java.com>.

If Bidders have Java installed, but are unable to access the EAS, it is possible that their Windows settings are such that:

- Java has been disabled (by default or due to corporate IT policies, for example);
- Bidders are accessing the Internet through a proxy server, but that Internet Explorer has not been set up correctly to allow Java to download applications through their proxy server;
- a proxy server is being used, but Java has not been configured to use this.

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.

### ***1.3 Pop-up blockers***

Bidders should ensure that there is no software installed on their computer that will interfere with the normal operation of their Internet browser. Do not use any pop-up blockers. This might, depending on Bidders' settings, prevent some of the EAS windows from opening.

### ***1.4 Power management settings***

To ensure that Bidders can view progress in the Auction without delay or difficulty it is recommended that Bidders:

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

If a Bidder's computer hibernates or suspends automatically, it will need to go through the login procedures again when the computer is awakened. This will cause some delay in returning to the Auction system.

### ***1.5 Using other software at the same time***

We recommend 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 problems.

### ***1.6 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 and it should work adequately with any reasonable narrowband connection. 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. In the event of a temporary loss of contact between the Bidder and the EAS, the EAS will automatically log out the Bidder for security reasons, who will then need to go back through login procedures.

It is recommended that Bidders have a back-up computer and backup Internet connection that can be used in the case that either their primary computer or Internet connection fails.

### ***1.7 Display***

Bidders are recommended use a display with a screen resolution of 1280x1024 (or higher). Bidders can use a lower screen resolution, but Bidders may find that some tables are more difficult to view as they may require horizontal and vertical scrolling.

**J. Back up procedures for making bids**

Bidders experiencing technical problems with accessing the EAS either before or during a round (during either the Clock Stage or Assignment Stage) should contact the Auctioneer as soon as reasonably possible. Bidders will be provided with telephone and fax numbers to contact the Auctioneer. In the event of problems accessing the EAS, Bidders should not rely on email to communicate with the Auctioneer.

Bidders must provide the Auctioneer with at least four alternative telephone numbers, two of which should be cellular. This will permit the Auctioneer to contact the Bidder in the event that the Auctioneer observes the Bidder have difficulties in accessing the EAS.

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

The Auctioneer may then permit a Bidder to submit its bids by fax or phone. Where the Auctioneer grants permission, the Bidder must submit its bid using the agreed mechanism, i.e. either fax or phone (in these circumstances any bids submitted by the electronic auction system will not be accepted unless the Auctioneer has expressly agreed with the Bidder to use these bids).

Permission to submit Bidders other than through the EAS will not be granted in a situation when Bidders could reasonably be expected to be able to access the EAS. Bids by phone or fax will not be accepted until the Auctioneer has granted the Bidder permission to make bids other than through the EAS. Such permission may be granted for just one round or a number of rounds.

Any bid made by fax or phone will be subject to password verification and must use the template bid form provided to the Bidder by the Auctioneer. The Auctioneer will provide template forms and a list of one-time passwords to Bidders prior to the start of the Auction.

Only the first valid bid form received by the Auctioneer from a Bidder will be considered. All bids made by fax or phone will be subjected to the same Activity Rules and will only be deemed valid after verification by the Auctioneer. In the event that a bid does not satisfy the Activity Rules, the entirety of the bid will be discarded (i.e. all service areas within the bid).

In the event of a bid made by fax being illegible or subject to error, the Auctioneer will make reasonable attempts to contact the Bidder to determine the Bidder's intention. However, the entry of a bid decision into the EAS on behalf of a Bidder is then at the Bidder's risk.

For the purposes of determining how much of a Bidder's Extension Budget has been exhausted if the alternative bidding procedures are used during the Clock Stage, the Auctioneer will determine the time at which a valid bid has been received in full from

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the Bidder by the agreed mechanism. The Extension Budget will be reduced by the appropriate number of 10-minute intervals wholly or partially elapsed since the original scheduled finishing time of a Clock Round.

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### **K. Definitions and glossary of terms**

Unless the context otherwise requires, the different terms and expression used in this Memorandum (other than in Annexures C to F) shall have the meaning assigned to them in this section:

2G	Second Generation
3G	Third Generation
3G Auction	Auction process for allocating 3G Spectrum blocks as per the provisions of the Notice
3G Spectrum	Radio spectrum frequencies in the 2.1GHz band (paired with 1.9GHz)
800MHz Auction	Auction process for allocating 800MHz Spectrum block as per the provisions of the Notice
800MHz Spectrum	Radio spectrum frequencies in the 800MHz band
Activity Rule	The requirement for Bidders to bid for a certain proportion of Eligibility Points in each Clock Round to maintain eligibility to bid in subsequent Clock Rounds
AGR	Adjusted Gross Revenue
Applicant	Person making the Application
Application	Application for participating in either the 3G Auction or the 800MHz Auction or the BWA Auction, to pre-qualify for the 3G Auction or the 800MHz Auction or the BWA Auction respectively
Application Form	Format for submitting the Application
APT	Asia-Pacific Telecommunity
Assignment Stage	The second stage of the relevant Auctions as described in the Auction Rules
Associated Licensees	For the 3G Auction and the 800MHz Auction – existing UAS/ CMTS licensees that have a Common Parent  For the BWA Auction – existing UAS/ CMTS/ ISP licensees that have a Common Parent
Auctioneer	NM Rothschild & Sons (India) Private Limited and DotEcon Limited, in their capacity as advisers to the Government on the Auctions
Auctions	The 3G Auction, the 800MHz Auction and the BWA Auction
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.
Activity Rules	Minimum bidding requirement stipulated in the Clock Stage for bidders to be able to switch bids across services areas from one Clock Round to the next

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Auction Rules	Rules governing conduct of the Auctions as described in the Notice
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 connected with the relevant Auctions on behalf of the Applicant
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 of whether it is interested in acquiring a block in the specified service area at the current Clock Round price
Bid Deposit	25% of the Successful Bid Amount required to be deposited by the Successful Bidders within 5 calendar days of the close of the Auction
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 Initial Eligibility Points, information in the Electronic Auction System, a user manual and an authentication certificate for accessing the Electronic Auction System
BSNL	Bharat Sanchar Nigam Limited
BWA	Broadband Wireless Access
BWA Auction	Auction process for allocating BWA Spectrum blocks
BWA Spectrum	Radio spectrum frequencies in the 2.3GHz band (unpaired)
CDMA	Code Division Multiple Access
C-DOT	Centre for Development of Telematics
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
Common Parent	Single entity that controls, and also has at least 26% shareholding, directly or indirectly, in more than one UAS/ CMTS/ ISP licensee. In case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding
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
DHQ	District Headquarter

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DoT	Department of Telecommunications, Ministry of Communications & Information Technology, Government of India
DSL	Digital Subscriber Line
DTS	Department of Telecommunication Services
EAS	Electronic Auction Systems
Earnest Money Deposit	The earnest money (in the form of a Bank Guarantee from a Scheduled Bank) to be submitted along with the application for pre-qualification
ECB	External Commercial Borrowing
Effective Date	In the context of rollout obligation, the later of the date when the spectrum is allocated and the date when the relevant UAS licence, if applicable, is granted to the operator
Eligibility Points	Number of points associated with a service area based on the Reserve Price of licences in that service area
ETSI	European Telecommunications Standards Institute
Excess Demand	The total number of bids 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
Extension Budget	Provision for Bidders to extend the Clock Round and defer submission of a bid
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
Government	Government of India
GR	Generic Requirements
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
Guidelines	Guidelines that were issued by the Department of Telecommunications (DoT) on 1 <sup>st</sup> August, 2008 along with the amendments issued on 11 <sup>th</sup> September, 2008 on the Auction and allocation of spectrum for 3G telecom services and BWA services
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 service area
Insider	Any party to whom Confidential Information in relation to a Bidder is disclosed
IPTV	Internet Protocol Television
IR	Interface Requirements



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ISP	Internet Service Provider
ISDN	Integrated Services Digital Network
IT	Information Technology
ITU	International Telecommunication Union
Kbps	Kilo bits per second
LR	Licensing and Regulation (section of the WPC)
M&A	Merger & Acquisition
Memorandum	The Revised Information Memorandum and its appendices as supplemented, amended, updated or replaced from time to time by the Government
MNP	Mobile Number Portability
Mock Auction	A mock auction to familiarise the Bidders with the Auction Rules and bidding methodology
MTNL	Mahanagar Telephone Nigam Limited
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 Nominee ISP Licensee	The entity (either the Prospective New Entrant or a company nominated by the Prospective New Entrant where the Prospective New Entrant has a minimum holding of at least 26% (directly or indirectly)) that acquires an ISP Category ‘A’ licence in a service area in case the Prospective New Entrant is declared the Successful Bidder in that service area in the BWA Auction
New Entrant Nominee UAS Licensee	The entity (either the Prospective New Entrant or a company nominated by the Prospective New Entrant where the Prospective New Entrant has a minimum holding of at least 26% (directly or indirectly)) that acquires a UAS licence in a service area in case the Prospective New Entrant is declared the Successful Bidder in that service area in the 3G Auction or 800MHz Auction or BWA Auction
Nomination Form	Forms executed by each of the Associated Licensees nominating the Group Bidding Entity
Nominee ISP Licensee	The entity (either the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity) that acquires an ISP Category ‘A’ licence in a service area in case the Group Bidding Entity is declared the Successful Bidder in that service area in the BWA Auction
Nominee UAS Licensee	The entity (either the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity) that acquires a UAS licence in a service area in case the Group Bidding Entity is declared the Successful Bidder in that service area in the 3G Auction or 800MHz Auction or BWA Auction

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Notice	Notice inviting Applications for participation in the Auctions
NTG	New Technology Group
NTP-99	New Telecom Policy 1999
Ownership Compliance Certificate	An undertaking from the Applicant confirming that it complies with the ownership restrictions in view of the other Applicants
PLMN	Public Land Mobile Network
POP	Point of Presence
Prospective New Entrants	Prospective Bidders who do not have a UAS/CMTS licence (for the 3G Auction) or a UAS/CMTS/ISP (category 'A' or category 'B') licence (for the BWA Auction)
Provisional Winning Bidders	Bidders who submit the Provisional Winning Bid
Provisional Winning Bid	If n is the number of blocks available in a service area, the first n bids in each service area ranked 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
PSTN	Public Switched Telephone Network
RAN	Radio Access Network
Recipients	Recipients of the Memorandum
Reserve Price	The minimum bid price per block in each service area as determined by the Government and notified in this Memorandum
SACFA	Standing Advisory Committee on Radio Frequency Allocation
SDCA	Short Distance Charge Area
SR	Service Requirements
Successful Bid Amount	The relevant Winning Price set in the Clock Stage for each frequency block being auctioned
Successful Bidder	A Bidder who at the end of the Clock Stage of the Auctions is declared to be among the Winning Bidders for a particular service area
SWAN	State Wide Area Network
TDSAT	Telecom Dispute Settlement & Appellate Tribunal
TEC	Telecom Engineering Centre
TRAI	Telecom Regulatory Authority of India
TSTP	Test Schedule and Test Procedures
UAS	Unified Access Services
UAS-CDMA Operator	Any existing UAS licensee that is entitled to provide services in the 800MHz frequency band in a telecom service area
Winning Bids	Provisional Winning Bids at the end of the final Clock Round
Winning Bidders	Provisional Winning Bidders at the end of the final Clock Round

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Winning Price	Provisional Winning Prices at the end of the final Clock Round
WLL(M)	Wireless in Local Loop
WPC	Wireless Planning and Coordination