

Auction of Spectrum in 1800MHz and 800MHz Bands

Queries & Responses

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

18th September, 2012

Important Notice

This document 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 1800MHz & 800MHz bands by auction.

The document 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 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 document 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 to participate in the Auctions. In the event of any difference between this document and the provisions of the Notice (or any other applicable laws, regulations or other statutory provisions), the latter are definitive and take precedence.

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 document 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 document.

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

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

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

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

This document 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.

No.	Query	Response
1.	<p>Clause 4.5 Page No. 31-32 (Spectrum usage charges):</p> <p>The Clause states that: “A spectrum usage charge in addition to the spectrum auction price as a percentage of the Adjusted Gross Revenue (AGR) shall be payable by the successful bidder as per the rates notified by the Government from time to time. The present spectrum usage charges are mentioned below:</p> <p>During the last auction for 3G and BWA spectrum, it was decided to keep the spectrum usage charge;</p> <ol style="list-style-type: none"> a. For BWA spectrum, at a nominal level of 1%. b. For 3G spectrum, at the rate prescribed for various slabs of administratively allocated spectrum (excluding the quantum of 3G spectrum, since 3G spectrum was paid for at the market price). <p>Therefore, in order to have comparable total cost of spectrum, between the existing and new operators, the spectrum being allocated via this auction will not be included while determination of the slab for Spectrum Usage Charges. DoT is requested to please confirm our understanding?</p>	<p>Spectrum being allocated via this auction will be included for determining the slab for Spectrum Usage Charges.</p>
2.	<p>Clause 4.5 & 4.6 Page No. 31-32 (Spectrum usage charges, Adjusted Gross Revenue):</p> <p>The Conditions mentioned with respect to Spectrum Usage Charges, Adjusted Gross revenue or any other provision, that is currently sub-judice, shall be subject to final outcome of Court proceedings and hence any participation to the auction during the pendency of the proceedings should in no event be construed as having given up on any of these issues. The DoT is requested to kindly take note of the same and enlist the same explicitly in the NIA.</p> <p>The DoT is therefore requested to clarify that;</p> <ol style="list-style-type: none"> a. In the light of stay of the DoT’s 	<ol style="list-style-type: none"> a. Spectrum usage charges shall be

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>25.2.2012 Spectrum Usage Charges Order by the Hon'ble Supreme Court, how it is proposing to levy the same/ higher charges when the matter is sub-judice and shall be subject to the outcome of the Court proceedings?</p> <p>b. In view of the stay granted by the Kerala High Court, Chennai High Court etc. on the issue of definition of Adjusted Gross Revenue, we would request DoT to kindly clarify that the definition of AGR would be subject to final outcome of the sub-judice proceedings?</p>	<p>payable as per the slabs/ rates notified by the Government from time to time.</p> <p>b. Applicable AGR shall be computed in accordance with the provisions of the relevant Access Service License.</p>
3.	<p>Clause 4.5 & 4.6 Page No. 31-32 (Spectrum usage charges, Adjusted Gross Revenue):</p> <p>It has been indicated that “while computing the annual spectrum charges – Applicable Adjusted Gross Revenue shall be computed in accordance with the provisions of the relevant service license.” Although the AGR definition is available for the present UASL/CMTS License, but it is neither available for “Unified License” nor for a new type of UAS license without spectrum. Also, TRAI in its recommendations on “Guidelines for Unified License/ Class License and Migration of existing licenses” dated 16-04-2012 have recommended that only the revenue from the wireless services shall count towards AGR calculation for the limited purpose of calculation of spectrum usage charge.</p> <p>We presume that the DoT will apply and charge Spectrum Usage Charges only on the revenues earned from the services using the spectrum. Please clarify?</p>	<p>Definition of AGR shall be as detailed in License.</p>
4.	<p>Clause 4.5 Page No. 31-32 (Spectrum Usage Charges)</p> <p>The Clause states that: “A spectrum usage charge in addition to the spectrum auction price as a percentage of the Adjusted Gross Revenue (AGR) shall be payable by the successful bidder as per the rates notified by the Government from time to time. The present spectrum usage charges are</p>	<p>This question is not directly related to this auction.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>mentioned below:</p> <p>A new operator bidding for spectrum in 1800 MHz is required to pay a minimum Spectrum Usage charges @4% for 5 MHz spectrum allocated via auction, while a CDMA operator having 5 MHz of spectrum is required to pay @ 3%.</p> <p>In a technology neutral environment, we would request DoT to clarify why the Spectrum Usage Charges for operators having spectrum in 800 MHz kept at a lower percentage as compared to the GSM operators having Spectrum in 1800 MHz for same amount of spectrum held?</p>	
5.	<p>4.6 Adjusted Gross Revenue (AGR)</p> <p>Will the final decision of the courts in the present AGR dispute be applicable to the AGR under Unified License?</p>	<p>Definition of AGR in respect of UL (Access Services) shall be detailed in License.</p>
6.	<p>4.6 Adjusted Gross Revenue (AGR)</p> <p>We request confirmation that the Final definition of AGR in Unified License would not be discriminatory vis-a-vis UASL (existing licenses)?</p>	<p>Definition of AGR in respect of UL (Access Services) shall be detailed in License.</p>
7.	<p>Clause 4.2 Page 29 (Associated Licensees)</p> <p>If Bharti Airtel Limited, in its capacity as Group Bidding Entity (for Bharti Airtel Limited & Bharti Hexacom Limited) submits the application, please let us know whether the particulars required as per S.No. 1 to 10 (page no. 99 – Application Checklist) will be given of Bharti Airtel Limited only including single non-refundable application fee, net worth certificate, paid up capital, name of the applicant company, name and membership number of Company Secretary etc. or is it that the details will be separate for each entity under the Group Bidding Entity.</p>	<p>The Application Fee is payable by the Group Bidding Entity. Details as per IM/NIA will be required in respect of all associates/nominee unified licensee(s) (Access Services).</p>
8.	<p>Clause 5.2.4 Page 39-40 (Earnest Money Deposit)</p> <p>The earnest money (in the form of bank guarantee from a Scheduled Bank) for their</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>requisite amount needs to be submitted along with the Application for prequalification.</p> <p>As per the format of Earnest Money Deposit the name of the “Applicant Company i.e. “the proposer”, is required to be indicated.</p> <p>In this regard, please clarify that:</p> <p>i. In the case of application of Group Bidding Entity, whose name is required to be indicated in the BG i.e. (i) the Group Bidding Entity or (ii) the Associated Licensee?</p> <p>ii. Whether a single BG can be submitted by “Group Bidding Entity” on its behalf as well as its Associated Licensee or separate BGs will have to be submitted for the service areas where the “Group Bidding Entity” is acting on its behalf and the separate BG for the service areas where it is participating in the bidding on behalf of its “Associated Company”.</p>	<p>i. Group Bidding Entity.</p> <p>ii. For each of the Auctions, a separate consolidated EMD for all Service Areas needs to be submitted. The total amount for each auction may be broken down into upto 5 different EMD BGs.</p>
9.	<p>Clause 11.5 Page 99-100 (Application Checklist)</p> <p>The applicant has to submit a joint undertaking to nominate group bidding entity in cases where the applicant is bidding on behalf of its Associated Licensee. For submitting the undertaking the Authorised representative of the associated licensee needs to sign the undertaking.</p> <p>i. Whether a separate Board of Resolution is required along with Power of Attorney to determine the authorised signatory of the company and associated licensee?</p> <p>ii. Further, on behalf of group bidding entity, the declaration has to be signed by two authorised signatory</p>	<p>i. Authorised signatory of each company (Applicant as well as Associated Licensee) needs to have been authorised by the respective Boards of the Companies.</p> <p>ii. On behalf of Group Bidding Entity, the declaration has to be signed by two authorised signatories only.</p>
10.	<p>Clause 11.5 Page No. 99-100 (Application Checklist)</p> <p>As per the application checklist, in the</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>associated licensees, the additional documents from S. No. 11-12 are required to be submitted.</p> <p>In this regard, please confirm the following:-</p> <p>i. For instance, operator “A” is participating in the auction for 20 service areas as an applicant. Operator “A” is also acting as a “Group Bidding Entity” in 2 service areas where his Associated Company is providing UASL / CMTS Services. Please clarify that in such a scenario, whether a single application can be filed for 22 service areas combining for both A” and “B”</p> <p>ii. Please confirm whether the documents from S. No. 1 to 10 should be of “Group Bidding Entity” say operator “A” or the Associated Company say operator “B”.</p>	<p>i. Separate applications are required.</p> <p>ii. Details as per IM/NIA will be required in respect of all associates.</p>
11.	<p>Clause 11.5.1 Page 101-105 (Indicative Application Format for the 1800 MHz/ or 800MHz Band)</p> <p>The Applicant has to declare Net Worth, Paid up Capital and Equity percentage as per point no. 6(a) of the Application form. DoT may clarify the date as of which the above details should be provided</p>	<p>These details have to be provided as on the date of application, certified by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company.</p>
12.	<p>Clause 11.5.1 Page 101-105 (Indicative Format for the 1800 MHz/ or 800 MHz Band)</p> <p>As per point no. 6(a) of the application form, the applicant has to declare the names of promoters / partners / shareholders in the company. The applicant has to give bifurcation between Indian and Foreign equity and promoters details to be given separately. The applicant can club equity holding upto 5% of the total equity shared among various shareholders.</p> <p>Further, as per point no. 12, the net worth and paid up capital is required to be given for all the promoter / partner / shareholder.</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	DoT may kindly clarify:	
	<ul style="list-style-type: none"> i. How to present the names of various shareholders other than promoters who individually holds less than 5% but when clubbed aggregates to more than 5%? ii. Whether the category of shareholder is to be mentioned or the individual names of each shareholder will have to be mentioned? iii. Whether the networth and paid up capital required to be given for promoter / partner / shareholder should represent share of respective person in the applicants networth and paid up capital or is it net worth and paid up capital of the individual promoter / partner / shareholder which is to be provided iv. What is the definition to be used for classification of equity as Indian / foreign? 	<ul style="list-style-type: none"> i. Shareholding of individual unconnected shareholders up to 5% stake could be clubbed together and shown in an “others” category. ii. Individual names have to be mentioned for each of the shareholders which have more than 5% of the total equity of the Company. iii. Net worth and paid up capital of the individual promoter / partner / shareholder / company is required to be given to the extent these are required to meet the specified net worth criteria for obtaining a Unified License (Access Services) and for participation in the Spectrum Auction. iv. Please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf
13.	<p>Clause 11.5.1 [5] Page No. 102 (Authorized person and Authorised Signatory)</p> <p>As per clause 5 of the application form, authorised person is required to be designated and his specimen signature needs to be counter signed by the authorised signatory</p> <ul style="list-style-type: none"> i. Is the Authorised Person required to be different from Authorised Signatory? ii. Whether authorised person needs to sign the application form and any other document. iii. Further, are there any specific requirement for determining the authorised signatory 	<ul style="list-style-type: none"> i. Authorised Person could be the same as the Authorised Signatory. ii. Details for verification of each form have been provided in the application format. iii. Authorised Signatory would be as authorised by the Board of the Company for executing such contracts.
14.	<p>Clause 11.5.1 [5] Page No. 102 (Authorized person and Authorised Signatory)</p> <p>Reference clause 5 of the application format (page no. 102) regarding for Primary & Alternative Authorized Signatories.</p>	<p>A single Power of Attorney can be submitted.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Please confirm whether a single & combined Power of Attorney can be submitted for both signatories OR two separate Power of Attorneys will be required to be submitted?</p>	
15.	<p>Clause 11.5.1 [6(a)] Page No. 102 (Details of Promoters/ Partners/ Shareholders)</p> <p>As per clause 6 (a) of the application form, the company is required to submit the shareholding pattern.</p> <p>If the bidding entity is a listed company and whose shares are frequently traded on the stock exchanges and in terms of Stock Exchange Listing Agreement conditions, the entity is required to submit its shareholding pattern to the stock exchanges on quarterly basis, please confirm whether:</p> <p>The shareholding pattern as submitted to stock exchange on last day of previous quarter will be accepted.</p>	<p>Yes</p>
16.	<p>Clause 11.5.1 [12] Page No. 103-104 (Networth)</p> <p>As per clause 12 of the application form, net worth of the Company is required to be provided.</p> <p>a. The definition of net worth has not been provided. Whether the definition of net worth as provided in UASL can be used?</p> <p>b. In particular, how to treat the following while computation of net worth:</p> <ul style="list-style-type: none"> • Share Application Money • ESOP Outstanding 	<p>The definition of Net worth will be provided in the UL (Access Services) Guidelines/ NIA.</p>
17.	<p>Clause 11.5.1 [12] Page No. 103-104 (Networth)</p> <p>As per clause 12 of the application net worth required for the license is to be provided.</p> <p>In case the requisite licenses are already held by the applicant, whether the information for eligible network is required</p>	<p>Yes, the information needs to be provided.</p>

No.	Query	Response
	to be given or not?	
18.	<p>Clause 11.5.1 [4a] Page No. 102 (Certificates/ Undertaking)</p> <p>As per point 4(a) of the application format, passport number is required to be given of the authorised signatories of the different companies that are signing the Application or any attachment to it.</p> <p>a. Please confirm that in those cases, where the authorized signatory does not possess any passport, other documents like Driving License etc. will be acceptable?</p> <p>b. Please also confirm that in those cases, where the name or surname of the person, who is signing the document, has changed due to marriage and the supporting documents is not matching the current name & surname, such document will be acceptable. For instance, the name of the person in the PAN CARD is Rachna Gupta (issued before marriage) and the current name is Rachna G. Singh</p>	<p>a. Please provide any suitable identification document (PAN Card, Voter Identity Card, DIN etc.) in such a case.</p> <p>b. Valid document with updated name should be provided.</p>
19.	<p>Clause 11.7.1 Page No. 115 (Auction Backup Facilities)</p> <p>“In the event of the main Auction server failing, the Auction will be resumed using backup facilities. The normal process for this would be the following:</p> <p>The Auction Administrator will advise Bidders directly of the need to switch to the back-up system and the time from which the back-up facility should be expected to be online and available to Bidders.....”</p> <p>IM conveys that Telephone numbers and email addresses provided by Bidders as part of their application to bid in an Auction may be used by the Auction Administrator to contact any Bidder in the event that the Auction Administrator observes such a Bidder is having difficulties in accessing the EAS. However for bidder it states that in the</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>event of problems accessing the EAS, bidders should not rely on email to communicate with the Auction Administrator.</p>	
	<p>i. What would be the preferred mode of communication by the Auction Administrator to the Bidders?</p> <p>ii. DoT is requested that the Auction Administrator should also use telephone for intimating the bidder and should not solely rely on the emails?</p>	<p>i. Preferred Mode of communication would be telephone.</p> <p>ii. As mentioned above.</p>
20.	<p>Clause 7.3.1 Page No. 45-46 (The Clock Stage – Overview)</p>	<p>As per our understanding, for the purpose of calculation of excess demand, the minimum base of 8 Blocks will be considered in case of auction of 1800 MHz spectrum and 3 blocks will be considered in case of auction of 800 MHz spectrum.</p> <p>Top up facility will not be considered for the purpose of calculating excess demand. Top-up facility availability in a respective service area will only be considered for deciding upon the provisional winning bidders for the respective clock rounds and too only incase a new entrant's bid is either at the 6th, 7th or 8th position.</p> <p>DoT is required to confirm/clarify the same. The application of the top up facility needs to be explained in detail with the different scenarios. Further the information isclosed at the end of each clock round under these scenarios should also beillustrated for clarity.</p> <p>Excess Demand is calculated based on the Number of blocks for which bids have been received for a Clock Round Price against base of 8 Blocks in respect to 1800MHz and 3 Blocks in respect of 800MHz auction.</p> <p>Top up is applied after the closure of a Clock Round when the Provisional Winning Bidders are declared.</p> <p>Please refer to detailed Auction Rules (Annexure B) with examples attached.</p>
21.	<p>Clause 1.1.7</p> <p>Application fee of Rs. 1,00,000 is payable as per clause 1.1.7. Is it separately needed for 1800 MHz and 800 MHz or a single payment, if the entity is same?</p>	<p>The Application Fee of Rs. 1,00,000 is to be paid separately for 1800MHz and 800MHz Auctions.</p>
22.	<p>Assuming correct application for Unified License or Unified License without spectrum, kindly confirm as to how much time would DoT take to allot the same. How does DoT plan to ensure that license is</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>assigned within defined time frame and no unrelated reasons are assigned for issuance of such license.</p>	
23.	<p>For holders of quashed licenses who have existing operations, it is necessary to have continuity of operations without disruption. Hence, in this case since their eligibility is already established, can they be granted licenses along with the spectrum allocation and the requisite license fee be paid along with the payment for spectrum won in the auction? The operators who wish to avail this option can select their option for the type of license which they want in the application for the upcoming auction. Please confirm.</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
24.	<p>Page 17</p> <p>As per the Auction Timetable (page 17) contained in the Information Memorandum, the last date of submitting applications for spectrum in both 800 MHz Band and 1800 MHz Band is 19th October, 2012. However, the e-auction for spectrum in 1800 MHz would start on 12th November, 2012 (approx. three weeks after the last date of filing of the application) whereas the e-auction for spectrum in 800 MHz would start two days from the day of close of the e-auction of 1800MHz Band</p> <p>a. Suggestion: Since the 800MHz auction will take place after completion of the 1800 MHz auction, we propose that the last date for submitting application for 800 MHz be moved to 19th November 2012.</p>	<p>No Change in application date.</p>
25.	<p>In the Unified License- Key Features (page 22) it is provided that the Applicant Company shall have a minimum net worth as well as paid up equity capital of Rs 2.5 crore for each Service area level Unified License on the date of application It is further provided that the net worth of promoters shall not be counted for determining the net worth of the company In case of acquiring Unified License in any other license area, the Licensee shall</p>	<p>Kindly refer to revised Clause 2.5.1 in Annexure A.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>maintain additional net-worth and paid up equity as prescribed for that service area/district also. A clarification is required whether both the networth as well as the equity paid up capital criteria are required to be fulfilled. In the event a company has the requisite equity capital but a negative net worth would not be eligible for applying for a Unified License/ UASL? It would be reasonable to relax this requirement in case of the licensees whose licenses are affected by the Supreme Court Judgment as these companies have made heavy investments and as a result there are huge debts in their Balance Sheets which may lead to a negative net worth</p>	
26.	<p>If a foreign entity is allowed to participate directly in the auctions, please clarify whether the application checklist (page 99) provided in the IM would be applicable to a foreign entity participating in the auction as many of the documents required in the said checklist may not be applicable in case of a foreign entity (e.g. various certificates from a company secretary).</p>	<p>The Government is considering allowing foreign entities to participate in the auctions.</p>
27.	<p>Please clarify whether the foreign entity participating directly in the auctions is required to be a telecom company (telecom being the main object) or can it also be a non-telecom company? As we understand that the Licensee needs to have object clause as Telecom, and while forming a new company for application of Unified license, can the participant company meet this objective clause.</p>	<p>The Government is considering allowing foreign entities to participate in the auctions.</p>
28.	<p>Section 1.1.7 (Pg 15) Change in information</p> <p>As per the certificate/ undertaking in the application there is clause which states as: Applicant will intimate the DoT promptly in case of any change in the information submitted as part of the Application. Do even small changes in information furnished (e.g. change in phone no. of authorised representative, which gets changed frequently) needs to be notified?</p>	<p>Yes.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
29.	<p>1.1.3.2 Facilitation of Funding for Financing of Telecom Project</p> <p>Will the draft of the Unified License containing the revised clause on the TPA be available well in advance of the final date of application for participation in auction, so that we have ample clarity of the provisions which will allow a winning bidder to raise funds through mortgage of spectrum?</p>	<p>Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired through auction.</p>
30.	<p>1.1.7 Pre-Qualification Process for 1800 MHz and 800 MHz auctions</p> <p>We request that the exact date and time for the deadline by which a written request for withdrawal of Application needs to be submitted should be mentioned in the Notice Inviting Applications.</p>	<p>This shall be indicated in the NIA.</p>
31.	<p>5.2.1 Application format and procedure for submission</p> <p>Will the DOT prescribe a format of Power of Attorney?</p>	<p>There is no specific format for Power of Attorney, but it should be on stamp paper of the state in which the office is situated.</p>
32.	<p>11.5.1 Indicative Application Format for the 1800MHZ</p> <p>On Point C, we request a clarification from the Government whether any on-going proceedings/conviction in the ongoing criminal 2G trial is deemed by DOT to have adversely affected the applicants business or its ability to bid in auction?</p>	<p>This is to be certified by the applicant.</p>
33.	<p>In case a newly incorporated company is bidding in the auction:</p> <ul style="list-style-type: none"> i. Any practicing company secretary would be allowed to verify the net-worth and paid up capital as a newly incorporated company may not have a full time company secretary; and ii. As a newly incorporated company may not have completed a financial year in order to have audited financials, the requirement of submitting auditing financials along with the application would be 	<p>A newly incorporated company may provide:</p> <ul style="list-style-type: none"> i. Certificate from Statutory Auditor of the applicant company countersigned by duly Authorised Director of the company accompanied by a Board Resolution. ii. In such cases, a certificate of networth and paid up capital from Statutory Auditor of the applicant company countersigned by duly Authorised Director of the company accompanied

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>waived/not applicable. Please confirm</p>	<p>by a Board Resolution.</p>
34.	<p>1.1.7</p> <p>The non-refundable application fee shall be Rs.100,000/- for one application by the Common Bidding Entity. Is the Common Bidding Entity supposed to pay fee of Rs.100,000/- per Service Area or just one application fee of Rs. 100,000/- irrespective of number of service areas?</p>	<p>One application fee of Rs. 1,00,000 for each auction irrespective of number of Service Areas.</p>
35.	<p>11.5/ Application</p> <p>If C, in its capacity as Group Bidding Entity (for A & B) submits the application, please let us know whether the S.No. 1 to 7, 9 and 12 (page no. 116 - Application Checklist), the particulars will be given of C only including single non-refundable application fee, net worth certificate, paid up capital, name of the applicant company, name and membership number of Company Secretary etc.</p> <p>Will all these documents need to be certified by Company Secretary of C only?</p>	<p>The Application Fee is payable by the Group Bidding Entity. Details as per IM / NIA will be required in respect of all associates/nominee unified licensee(s).</p> <p>Will be clarified in the NIA.</p>
36.	<p>1.1.7 & 5.2.1</p> <p>“Applicants should inform the Government promptly in case of any change in information submitted by them as part of their application “</p> <p>There is no time line to intimate any change in the information as such. It just says promptly.</p> <p>Further the IM does not provide any mechanism to rectify any inadvertent error / type in the application once submitted.</p>	<p>Applicants are required to inform the Government promptly in case of any change in the information submitted by them as part of their Application. DoT would then decide on a case-to-case basis on whether the Applicant should be allowed to continue in the Auction process.</p> <p>Regarding such errors these will be decided by the committee for pre-qualification for bidders</p>
37.	<p>1.1.8, 7.1 and 8.1</p> <p>Does one need to procure separate DSC for both the auctions?</p> <p>If the Authorised Person is same then only one DSC can be obtained and can it be used</p>	<p>A maximum of 2 persons can be authorised by the bidding company to participate in the Auction..</p> <p>The same DSC can be used for both the</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>for both the auctions?</p> <p>Does the person whose DSC will be used by the bidder has to be the authorised signatory for signing the physical application as well Or can they be two different persons?</p>	<p>auctions, subject to the authorised person being same and the DSC is valid.</p> <p>The DSC can be different as the names of the persons authorised to participate in the auctions will be counter-signed by the authorised signatory who has the authority to sign the physical documents.</p>
38.	<p>Clause 9</p> <p>The sealed covers containing the application should bear the Registered Office address or the Corporate Office address of the Group Bidding entity / applicant company or the contact address of the Nominee / Authorised Person who shall be the contact point for all future correspondences in this regard?</p>	<p>Any of the addresses can be given.</p>
39.	<p>Application</p> <p>Does the application itself have to be on the letterhead?</p>	<p>Please refer to Clause 11.5.1 of the IM.</p>
40.	<p>11.5.1 (application format – General instructions (a))</p> <p>Do we need to affix the “Common Seal” of the Group Bidding Entity / applicant company or just the rubber stamp on each page?</p>	<p>Please refer to 11.5.1(a) of the IM.</p> <p>Company Seal of the Group Bidding Entity/ Applicant Company would be required.</p>
41.	<p>11.5 the Application Checklist &11.5.1 - The Application format</p> <p>The Checklist specifies certification from Company Secretary whereas in the application format in various clauses it is mentioned that certification can be by the Company Secretary or the Authorised signatory?</p> <p>So is it that anyone of Company Secretary or the authorised signatory can certify the documents to be submitted along with the application?</p>	<p>The Company Secretary or the Director duly authorised through a Board Resolution can certify the documents to be submitted along with the application.</p>
42.	<p>1.1.3.1 Associated Licenses (also read with 4.2)</p> <p>If a majority shareholder of an entity that</p>	<p>Please refer to Eligibility and Conditions para</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>holds a quashed License was to bid and win spectrum through a separate applicant (X), then we presume that the spectrum would be assigned to the separate applicant (X) and not the entity holding the quashed license. We request DoT to please confirm the same?</p>	<p>4.1.1 and 4.1.2.</p>
<p>43.</p>	<p>2.5.1 Sub Clause 12</p> <p>The sub clause (vi) and (vii) of the additional guidelines for spectrum assignment associated with Unified License are not relevant as no unified license will be holding either of 900 or 1800 or 800MHz spectrum at the time of auction. Please clarify the meaning of these sub clauses under such additional guidelines meant for Unified License?</p>	<p>Please refer to revised Clause 2.5.1 in Annexure A.</p>
<p>44.</p>	<p>The current auction is a Supreme Court (SC) mandated auction, arising out of the quashing of 2008 licenses. However some of the holder of quashed licenses like ourselves, who are serious operators, have invested in roll-out of extensive networks and currently provide services to millions of customers. However the Information Memorandum (IM) has now put such licensees on par with any new entrant (who has no current investment or existing subscribers). In case such a serious operator bids and wins in the auction, in order to ensure continuity of services to its customers, please confirm the following :</p> <ul style="list-style-type: none"> a. All our current 1800 MHz spectrum allocation spots would remain unchanged. b. Existing roll-out obligations, if already met, would not need to be re-done. c. All TERM cell roll-out certifications would remain valid d. All backhaul spectrum-access and backbone would remain unchanged. e. All approvals such as SACFA, Deployments & Wireless Operating 	<ul style="list-style-type: none"> a. This cannot be confirmed. b. Quashed licensee needs to re-offer. c. Same as above. d. These are expected to remain unchanged unless any specific situations require a review. e. SACFA clearances are to be revalidated, wireless operating

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	license would remain unchanged.	licenses are to be obtained afresh, deployment plans to be re-submitted and approvals obtained.
	f. All Interconnect agreements and existing PoIs would remain unchanged and we would not be forced by large/ existing operators for any changes in existing agreements. Typically, we would not be forced to become interconnect seekers afresh and existing operating interconnect routes will not be disturbed.	f. The interconnect agreements would be governed by the relevant TRAI regulations/ directions/ guidelines.
	g. All our existing mobile number series, Signaling point codes, MNC codes allocations would remain unchanged.	g. These resources are expected to remain unchanged unless any specific situations require a review.
	h. All other approvals from DOT / MHA / other Central and Local Government agencies like Lawful Interception, EMF Certifications, ROW, Site Clearances, pollution Control etc would remain valid.	h. Same as above. However, the licensees may check themselves about the clearances relevant to the Central/ State Governments/ local bodies.
45.	What is the availability of backhaul spectrum?	Please refer to Clause 3.2 of the IM.
46.	Generic Issues Please indicate the available quantum of backhaul spectrum and its allocation schedule commensurate to the Auctioned spectrum.	Please refer to Clause 3.2 of the IM.
47.	Whether the ECB guidelines will be amended to seek long term funding for 2G in its entirety including bid fees? We will not be able to raise ECB funding for the fee payment since the number of circles and bid amounts are not known. We need to do a bridge funding and then replace the bridge funding with long term ECB funding. ECB guidelines do not allow for refinancing of the bridge funding. This should be provided as an exception?	Any decision in this regard will be communicated.
48.	Government should allow External Commercial Borrowings (ECB) for the purpose of making the payment for spectrum in the auction. Further the	Any decision in this regard will be communicated.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>borrowings/funds used for making the payment for auction should be permitted to be refinanced out of ECB proceeds.</p>	
49.	<p>Whether the ECB guidelines will be amended to seek long term funding for 2G in its entirety including bid fees? SSTL will not be able to raise ECB funding for the fee payment since the number of circles and bid amounts are not known. SSTL needs to do a bridge funding and then replace the bridge funding with long term ECB funding. ECB guidelines do not allow for refinancing of the bridge funding. This should be provided as an exception?</p>	<p>Any decision in this regard will be communicated.</p>
50.	<p>Whether the ECB guidelines will be amended to seek long term funding for 2G in its entirety including bid fees? We will not be able to raise ECB funding for the fee payment since the number of circles and bid amounts are not known. We need to do a bridge funding and then replace the bridge funding with long term ECB funding. ECB guidelines do not allow for refinancing of the bridge funding. This should be provided as an exception?</p>	<p>Any decision in this regard will be communicated.</p>
51.	<p>1.1.3.2 Facilitation of Funding for Financing of Telecom Project</p> <p>Restrictions under ECB guidelines need to be relaxed considering the funding requirement in proposed auction. We kindly request clarity on following:</p> <ol style="list-style-type: none"> <li data-bbox="342 1377 821 1535">i. Maximum limit of USD 750 million permitted under automatic route should increase to the spectrum price payable by the winning bidder. <li data-bbox="342 1539 821 1822">ii. Ultimate parent company of foreign equity holder should be considered a recognized lender of ECB under automatic route, without any maximum ECB liability-equity ratio, provided that minimum paid-up equity of 25 per cent held directly or indirectly by such foreign equity holder. <li data-bbox="342 1827 821 1885">iii. Aggregate amount of payment for spectrum allocation met out of 	<p>Any decision in this regard will be communicated.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>rupee resource should be allowed to be refinanced with ECB, under automatic route provided ECB has been raised within 12 months of payment of any installment or payment of final installment to the government.</p>	
52.	<p>Will the Government confirm that henceforth any spectrum allocation/ earmarking whether start-up/initial spectrum or additional or so called contractual spectrum (whether 4.4 or 6.2 MHz or 2.5 or 5 MHz) in 1800 MHz or 800 MHz band for existing and new operator, will always be allocated at the price and the terms derived in this auction. This clarity is essential before the auction starts as those who have eligibility to get spectrum based on subscriber linked criteria (SLC) - which is still operative, need to decide whether they should seek spectrum under the SLC or they should participate in the upcoming auction for fulfilling their spectrum requirements.</p>	<p>Administrative allotment of spectrum through market determined price is under Presidential Reference.</p>
53.	<p>For holders of quashed licenses who have existing operations, it is necessary to have continuity of operations without disruption. Hence, it is suggested that spectrum and license be granted (subject to winner meeting all eligibility criteria) simultaneously within 7 days of completion of auction. Kindly confirm the same.</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
54.	<p>For current licenses having 4.4MHz spectrum or winning bidders in proposed spectrum who would get 5 MHz start up allocation, please confirm the criteria for additional allocation of spectrum henceforth. Also specify the inter-se priority for allocation of the same. This clarity is essential before the auction starts as those who have eligibility to get spectrum based on subscriber linked criteria (SLC) - which is still operative, need to decide whether they should seek spectrum under the SLC or they should participate in the upcoming auction for fulfilling their spectrum requirements.</p>	<p>Administrative allotment of spectrum is an issue raised in the Presidential Reference to the Supreme Court. This issue will have no bearing on allotment of Spectrum to Successful Bidders in this auction.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
55.	A clarification needs to be issued on the aspect “Whether an existing GSM operator (not having CDMA spectrum) taking part in auction for 800 MHz will be considered as a new entrant for CDMA and Vice Versa i.e. whether an existing CDMA operators bidding for 1800 MHZ will be treated as new entrant for 1800 MHZ? This is in view of the fact that Government has allowed dual technology.	Please refer to Annexure C.
56.	IM provides that no person (advisor, director or employee), whether individual or corporate, can act for, or on behalf of, or advise more than one Bidder that is participating in any of Auctions (the Auction for 1800MHz band or for 800MHz band) in respect of the Auctions. Clarity is required whether a law firm or an accountancy firm can only advise one applicant. Further, whether, this restriction regarding advisor, employee or director, is applicable in case of a common service area or is it applicable irrespective of the service area applied for.	Please refer to condition No. 5.1.2 of IM
57.	If a new operator succeeds in winning spectrum in 1800 MHz, can the same operator bid for 800 MHz spectrum also and whether it would be considered new entrant and bid for two carriers or would have to content with only one carrier?	New entrant may bid in both spectrum auctions as “New Entrant”
58.	<p>Page 99</p> <p>The application checklist (page 99) provided in the IM seems to contain list of documents, which are required to be submitted by an Indian Company along with the application.</p> <p>a. Clarification required: As foreign companies are also permitted to participate, please clarify if the same checklist would be applicable to a foreign entity participating in the auction as many of the documents contained in the said checklist may not be applicable in case of a foreign entity.</p>	If foreign entities are allowed, the documentation as sought has to be provided by them as well.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
59.	When two companies belonging to the same Parent bid for 1800 and 800 MHz, respectively, please confirm if the pre-qualification process shall be carried out separately for these companies since 1800 and 800 are separate and distinct auctions by themselves.	The Government is considering allowing foreign entities to participate in the auctions.
60.	Section 7.3.5 (Pg 49) Bidding procedure In case the operator's activity level is lower than the required activity level for the given round, then it is specified that eligibility for the next round is going to be calculated by the actual activity level in the round divided by the activity requirement rounded down to nearest whole number. However, in the example, the number calculated is rounded up to the nearest whole number - needs clarification.	Please see amended Sections 7 & 8 of IM attached as Annexure B.
61.	1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions Can an interested foreign entity be allowed to participate in the Auctions directly, and obtain a license subsequently? (As provisioned in the 3G and BWA Auction NIA Section3.3.1).	The eligibility conditions are detailed in Clause 1.1.3 of the IM. Also see Annexure C.
62.	1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions Furthermore, if such a foreign entity becomes a Successful Bidder can it get the spectrum assignment done in favor of its Indian subsidiary/ Joint Venture, as being suggested by the indicative format of the undertaking in 11.5.3?	The eligibility conditions are detailed in Clause 1.1.3 of the IM. Also see Annexures A and C. Also please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf
63.	1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions Can an Indian registered company with 100% FDI participate in the spectrum auctions and obtain a license subsequently?	The eligibility conditions are detailed in Clause 1.1.3 of the IM. Also see Annexures A and C.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		<p>Also please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf</p>
64.	<p>1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions</p> <p>Can a Unified License (UL) applicant company be granted UL even if it has a 100% foreign holding-with a condition that this will be diluted to 74% within a period of six months from the assignment of spectrum?</p>	<p>The eligibility conditions are detailed in Clause 1.1.3 of the IM. Also see Annexures A and C.</p> <p>Also please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf</p>
65.	<p>1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions</p> <p>How long will DoT take to grant a Unified License to a new entrant upon filing of the application?</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
66.	<p>1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions</p> <p>Can an interested foreign entity be allowed to participate in the Auctions directly, and obtain a license subsequently? (As provisioned in the 3G and BWA Auction NIA Section3.3.1).</p>	<p>The eligibility conditions are detailed in Clause 1.1.3 of the IM. Please see Annexure C.</p>
67.	<p>1.1.3 Eligibility Conditions read with 4.1 Eligibility criteria to participate in the Auctions</p> <p>Will the final guidelines for Unified License and the Unified License be available before date of application for participation in auction of spectrum?</p>	<p>It is expected that Unified License (Access Services) conditions would be made available before commencement of auction. Also please refer to amended Clause 2.5.1 in Annexure A.</p>
68.	<p>7. The 1800 MHz auction rules</p> <p>7.3.5: The IM appears to contain cumulative eligibility constraints since the EMD constraint and the eligibility point constraint both apply after round 1. Normally in a SMRA, the EMD constraint would apply in</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response
	<p>round 1 only and the eligibility-point based constraint would apply thereafter. Please clarify how activity rules are intended to work.</p>	
69.	<p>Top-up facility (IM Section 7.3.9)</p> <p>Can it be clarified how the 3 provisional blocks will incorporated in each clock round? Will the spectrum availability be changed in the clock rounds depending upon whether the bidders are existing players or new entrants?</p> <ul style="list-style-type: none"> • Price Increment for next round: In the event that the Top-up facility has been activated for a service area, how will the Excess Demand be calculated? Will the “Available Blocks” (for the purpose of calculating Excess Demand as described in Section 7.3.7) include the blocks released as part of the Top-up facility? Basis that excess demand, how will price increment for next round be treated? • Consider a scenario in a service area where 3 Top-up blocks are available. The Top-up facility was activated in a particular round R, because a New Entrant was deemed to be provisional winning bidder for 1 block. As a consequence, 3 top-up blocks were released. Following items to be clarified <ul style="list-style-type: none"> • Supply available for subsequent rounds after top-up is triggered: Will the top up supply continues to be in existence or will it be transient and its availability is triggered only if new entrant is provisional winner of <4 blocks • If in the scenario presented, in the next round R+1, the New Entrant was able to become a provisional winning bidder in 4 blocks without counting the Top-up blocks. How would the Top-up facility activated in the previous round be treated? 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> • Alternatively, if in the next round, the New Entrant bid for 5 blocks and became a provisional winning bidder in 2 blocks without counting the Top-up blocks how would the Top-up facility be treated? Will it now have 2 Top-up blocks or 3? • Activity points of new entrant: • When calculating the Activity points of this New Entrant for this round, will the Eligibility Points associated with provisioning winning of Top-up blocks also be counted? • If a scenario comes where provisioning winning bids are ranked by random number, and 2 New Entrants are declared provisional winning bidders but with less than 4 blocks each – lets say each new entrant with 1block each. How will the Top-up blocks get treated now when the top should have been of six slots? 	
70.	<p>1.1.3 and 4.1.1 and 4.1.2</p> <p>“The Eligibility conditions state that the UL can be awarded to an Indian Company only, with a maximum foreign equity of 74% as per the extant guidelines”</p> <p>How is 74 % to be calculated?</p> <p>Would it include direct and indirect foreign shareholding?</p> <p>Would it mean economic & ownership interest to the extent of 74%?</p>	<p>Please refer to Annexure A and Annexure C.</p> <p>Also please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf</p>
71.	<p>When calculating the Activity points of a New Entrant in a given round, will the Eligibility Points associated with any Top-up blocks allotted to it also be counted?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
72.	<p>4.3 Prospective New Entrants</p> <p>We request that the Government must see to</p>	<p>FIPB approval in telecom services is</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>that the FIPB approves applications for foreign investment into the Indian entity that will hold the UASL license quickly enough to operate the license immediately after the auction.</p>	<p>contingent on security clearance and subject to fulfillment of DoT license conditions and security requirements. The applicants are advised to apply for FIPB approval in advance.</p>
73.	<p>Section 3 Page No. 25-27 (Spectrum):</p> <p>Please indicate the exact frequency spots available for auction in 1800 MHz and 800MHz band.</p>	<p>The frequency spots will be indicated in the NIA.</p>
74.	<p>Page 26</p> <p>On page 26 it is mentioned - Specific frequencies have not been identified for allocation in the 800 MHz band at this stage. This would be decided post the completion of the Auction with a view to ensuring efficient utilization of spectrum such that operators are able to get contiguous spectrum to the extent possible. DoT is requested not to do so as this will involve large capex and customer dissatisfaction. DoT should clearly mention the CDMA frequency spots in the NIA itself</p>	<p>The frequency spots will be indicated in the NIA.</p>
75.	<p>Will a winning bidder be allowed to exchange/ swap his particular frequency spots with another operator? If so, please confirm that no fees or charges would apply to such swap?</p>	<p>Frequency reconfiguration within the same band may be carried out, with the authorization of WPC Wing, among the licensees, only when the entire spectrum held by them is liberalized. No charges will be levied for the same.</p>
76.	<p>If spectrum frequency is changed for a operator who is holder of quashed licenses and who has existing investments as well as wins in the upcoming spectrum auction, how much time will be provided to migrate to new spectrum block. Please note 9 to 12 months time is required for circle wide migration to new spectrum band.</p>	<p>The spectrum already used by the quashed licensee could be allotted to a successful bidder in auction.</p> <p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
77.	<p>How much MW Access & MW Backbone spectrum will be made available to each winner, and in which bands? Are the current microwave access and backbone frequency spots of holder of quashed licenses who win in the proposed auction protected or not.</p>	<p>Please refer to para 3.2 of the IM.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
78.	Will a winning bidder be allowed to exchange/swap his particular frequency spots with another operator?	Frequency reconfiguration within the same band may be carried out, with the authorization of WPC Wing, among the licensees, only when the entire spectrum held by them is liberalized. No charges will be levied for the same.
79.	Considering huge investment and existing operations of the serious operators, whose licenses are quashed and they fail to win any spectrum in the auction, the Government will need to facilitate sale /lease of the frequency dependent assets to existing /new entrant by giving blanket WPC/ DoT /MHA /Other approval of sale /lease of these productive assets to the existing/ new entrant operators, without any reference to DoT and related Government bodies. Please confirm.	Equipment can be transferred by one licensee to another licensee with the approval of WPC/DoT.
80.	How much MW (Microwave) Access & MW Backbone spectrum will be made available to each winner and in which bands? Are the current microwave access and backbone frequency spots of holder of quashed licenses who win in the proposed auction protected or not? It is necessary to have this clarity before the auction as the bidders' value for the spectrum is dependent on the investment one has to make in deploying the MW Access and Backbone as also the write off on account of non-usage of existing MW equipment.	Please refer to para 3.2 of IM.
81.	<p>Table 7-A (Page 61)</p> <p>Page 61 has the following comments at the end of Table 7-A.</p> <p>** One contiguous 5MHz (4 x 1.25MHz) slot is partially available</p> <p>This applies to HP (8 blocks), Bihar (8+2) blocks and Assam (8+3 blocks). The comment is not clear and we request that the exact implication of this for each Service Area be clarified i.e. in each of these Service Areas, how many contiguous blocks of 5 MHz are available across the Service Area and how many contiguous blocks of 5 MHz are available in part of the Service Area. Also which are the areas where</p>	Details will be provided in the NIA.

No.	Query	Response
	<p>contiguous blocks are not available may be intimated. ***One contiguous 5MHz (4 x 1.25MHz) slot is not available This applies to Delhi (8 blocks), Mumbai (8 blocks), Punjab (8 blocks), UPW (8+2 blocks), UPE (8 blocks) and West Bengal (8+3 blocks) Service Areas. The comment is not clear and we request that the exact implication of this for each Service Area be clarified i.e. in each of these Service Areas how many contiguous blocks of 5 MHz are available across the Service Area and how many contiguous blocks of 5 MHz are available in part of the Service Area. In all cases of non-contiguous blocks of 5 MHz, clearly indicate the actual frequency spots and the gap between the various sub blocks of 5 Mhz. This is essential since even in GSM, the new technology equipment being deployed by Network vendors has 15 / 20 / 25 MHz bandwidth (depending on the vendor) and a gap of more than 15 MHz between the sub blocks would mean putting two BTS instead of one at each site to use the full 5 MHz.</p>	
82.	<p>At the pre-bid conference held on 06.09.2012, the DoT or auctioneers did not discuss or explain the Frequency Identification Stage in the presentation on auction rules. Please confirm that whether the same stands dropped.</p>	<p>The procedure for frequency assignment would be indicated in the NIA.</p>
83.	<p>Page 26</p> <p>On page 26 it is mentioned - Specific frequencies have not been identified for allocation in the 800 MHz 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.</p> <p>a. Suggestion: DoT is requested not to do so as this will involve large capex and customer dissatisfaction. DoT should clearly mention the CDMA frequency spots in the NIA itself.</p>	<p>Details will be provided in the NIA.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
84.	<p>Section 3.1 (Pg 26) Frequency allocation</p> <p>Can the Government do so after the frequencies are allotted through auction for commercial use? Please clarify.</p>	<p>Yes.</p>
85.	<p>Page 26</p> <p>On page 26 it is mentioned - Specific frequencies have not been identified for allocation in the 800 MHz 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. DoT is requested not to do so as this will involve large capex and customer dissatisfaction. DoT should clearly mention the CDMA frequency spots in the NIA itself.</p>	<p>Details will be provided in the NIA.</p>
86.	<p>Will a winning bidder be allowed to exchange/ swap his particular frequency spots with another operator? If so, please confirm that no fees or charges would apply to such swap?</p>	<p>Frequency reconfiguration within the same band may be carried out, with the authorization of WPC Wing, among the licensees, only when the entire spectrum is held by them is liberalized. No charges will be levied for the same.</p>
87.	<p>1.1.5 Spectrum to be auctioned; sub point 1.1.5.1 Auction in 1800 MHz Band read with 3.1</p> <p>We request the Government to present the exact spectral position of all frequency blocks up for auction and annotate partial blocks (if any) clearly in the same table</p>	<p>Details will be provided in the NIA.</p>
88.	<p>7. The 1800 MHz auction rules</p> <p>How will the specific frequencies be assigned? Spectrally contiguous spectrum is particularly important for new entrants, at least for the first 5 MHz acquired in each circle. Any deviation from contiguity will decrease the value of the spectrum, potentially severely, and thereby reduce willingness to pay and also revenues. We request DoT to abolish the random assignment stage used for 3G and substitute an administrative assignment stage where</p>	<p>Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated/ available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction.</p> <p>Frequency reconfiguration within the same band may be carried out, with the</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>assignment is based on pre-defined, transparent criteria, such as:</p> <ol style="list-style-type: none"> i. New entrants should only be awarded partial spectrum if all other winners have been awarded at least one partial block. (The first four blocks awarded to a new entrant cannot be partial). ii. Multiple-block winners should be awarded spectrum in one “end” of the band in each circle to cater for filters that do not span the entire 1800 MHz band. iii. Inter-operator adjacencies in the frequency dimension should be minimized in each circle. iv. Inter-operator adjacencies in the geographical dimension should be minimized in each circle. v. The “overlap” between winners’ new assignment and their previous (but now cancelled) assignment should be maximized (each bidder should be allowed to abstain from making this criterion applicable with respect to its own assignment) vi. Winners should be allowed 1-2 weeks to swap channels voluntarily prior to or subsequent to a final assignment decision by the government. vii. Removing the second stage may simplify the procedure and save time, and the added predictability of providing clear criteria may allow bidders to bid more aggressively in the clock stage. 	<p>authorization of WPC Wing, among the licensees, only when the entire spectrum held by them is liberalized. No charges will be levied for the same.</p> <p>The procedure for frequency assignment would be indicated in the NIA.</p>
89.	<p>If there are no differences in availability between different concrete frequency slots then will a random assignment process to be used as in 2010?’</p>	<p>The procedure will be specified in NIA.</p>
90.	<p>Frequency identification stage (IM Section 7.4)</p> <p>If some frequency slots are partially available in certain service areas, then all frequency slots in such service areas are not identical in value. (As of now, IM mentions Rajasthan as one circle where all the</p>	<p>Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated/ available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction.</p>

No.	Query	Response
	<p>frequencies available are partial)</p> <ul style="list-style-type: none"> • After the Clock Round stage, how will the Government allot specific frequencies to the winning bidders in a service area? • Would the price to be paid for a frequency slot available in the entire service area be different from the price to be paid for a frequency slot in the same service area which is only partially available? • Is it possible for the bidder to specify that it is willing to bid a specific price only if the frequency slot allotted to it is available across the entire service area? • Will the winner with frequencies in partial areas be guaranteed access to the frequencies in rest of the service area on a priority basis? Will any timeline be committed? 	<p>The procedure for frequency assignment would be indicated in the NIA.</p>
91.	<p>Clause 5.5 a (iii)</p> <p>The calculation methodology of the interest amount to be included in the Bank Guarantee value is to be clarified. At this stage, the BG to securitize the deferred payables would represent 6.67% of the final bid value (1/10th of 66.67%) PLUS interest – would this be interest for the year on the balance unpaid amount (on a reducing balance method) or only on that installment of 6.67% for the entire period up to its respective maturity? This is linked to the previous query on how interest will be charged and at what frequency will it be collected.</p>	<p>This will be clarified in the NIA.</p>
92.	<p>Clause 10 , 11and 12 of application</p> <p>Does it mean that Network of only Group Bidding Entity and its promoters (if required) will need to be given irrespective of number of Associated Licensees? Are Clauses 11 and 12 the sub-clauses of Clause 10?</p>	<p>Details as per IM/NIA have to be given for each of the companies represented by the Group Bidding Entity</p>
93.	<p>1.1.75.2.1.1 and 5.2.1.2</p> <p>“Nomination of the Authorised Person for</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>future correspondence and empowered to take decision</p> <p>Can such nomination be to a common authorised person for both the auctions?</p> <p>Further does such authorised person has to be an employee/on-rolls of the Applicant company/Group Bidding entity/Associated licensees?</p> <p>Can the Primary and Secondary Authorised Person be changed in between, in the event that either or both of them leave the Company?</p> <p>Can such nominee be a different person than the authorised signatory to the Application?</p>	<p>Yes.</p> <p>Yes.</p> <p>No.</p>
94.	<p>2.5.1 (9)(a) & (b). Also 11.5.1(6)(a)</p> <p>The table has a last column in net worth. So does the Applicant company need to give the net worth of each Promoter?</p> <p>Do the Group bidding entity need to give the equity holding of its promoter and their net worth as well?</p>	<p>Clause 6(a) of 11.5.1 of the IM prevails.</p> <p>Yes.</p>
95.	<p>Section 3 Page 25-27 (Spectrum)</p> <p>We request the DoT to provide a spectrum roadmap of at least 5 years indicating the amount of spectrum likely to be available – year wise & band wise – enabling operators to make an informed decision with regards to choice of Technology and Spectrum Band.</p>	<p>The schedules for subsequent auctions will be indicated from time to time.</p>
96.	<p>Clause 5.5 Page No. 40-41 (Payment Methodology)</p> <p>As per the IM, the Successful Bidders shall be able to opt for deferred payment subject to the following conditions: “An upfront payment of 33% in the case of 1800MHz spectrum and 25% in the case of 800MHz spectrum of the final bid amount of one time charges for the spectrum be made within 10 days of declaration of</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>successful bidder and final price;” DoT may kindly clarify why discriminatory approach has been adopted to prescribe differential upfront payments, for spectrum in 1800 MHz band spectrum in 800 MHz band?</p>	<p>No change in the conditions of IM.</p>
97.	<p>Clause 5.5 Page No. 40-41 (Payment Methodology)</p> <p>The outcome of the current auction for both 1800 MHz and 800 MHz band will set the precedence for the reserve price for the future auctions of spectrum in 800 MHz, 1800 MHz & 900 MHz band. Currently the reserve price of spectrum in 800MHz is 1.3 times the reserve price of spectrum in the 1800 MHz band. Due to the similar propagation characteristics of 900 MHz band and 800 MHz band, the reserve price of 900 MHz price should be same or less than the price of 800 MHz.</p> <p>Therefore DoT may please clarify;</p> <ol style="list-style-type: none"> What will be the reserve price of the spectrum in 900 MHz band? If the final auction price for spectrum in 800 MHz band is lower than the 1800 MHz band, what will be the reserve price of the spectrum in 900 MHz? 	<ol style="list-style-type: none"> & b) Will be announced as and when spectrum auction in 900 MHz band takes place.
98.	<p>Table 7-A Page No. 60-61 (Availability of Spectrum for Auction in 1800 MHz band):</p> <p>The operator is required to bid for spectrum in blocks of 1.25MHz. DoT may clarify whether for both 1800 MHz and 800 MHz band,</p> <ol style="list-style-type: none"> it will allocate the spectrum in blocks of 1.25 MHz; or it will allocate it in blocks smaller than 1.25 MHz? 	<p>In case of 1800 MHz band spectrum in blocks of 1.25 MHz will be allotted.</p> <p>However, in case of 800 MHz band one block of 1.25MHz spectrum signifies actual allotment of 1.23MHz (paired) spectrum as per the CDMA standard channeling plan as indicated in IM (Note below Table 8-A).</p>
99.	<p>Clause 7.2 Page No. 44 (Overview of the Auction Stages):</p> <p>If, after the auction, some spectrum remains unsold in any circle, whether the Government will give an opportunity to any operator for buying the unsold spectrum at</p>	<p>This question is not directly related to the present auction.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	the auction determined price?	
100.	<p>Clause No. 1.1.7 Page No. 11-16 (Pre-qualification process for 1800 MHz and 800 MHz auctions)</p> <p>As per the Information Memorandum, the earnest money deposit, in the form of EMD bank guarantee (BG) (as per the format provided in 11.5.2) from a Scheduled Bank is required to be submitted.</p> <p>Please clarify that if an existing operator, who wishes to participate in 1800 MHz auction for all service areas,</p> <p>Is there flexibility available to the operator to provide multiple BGs, from different banks, the total amount of which would be summation of the EMDs of the above mentioned service areas?</p>	<p>For each of the Auctions, a separate consolidated EMD for all Service Areas needs to be submitted. The total amount for each auction may be broken down into upto 5 different EMD BGs.</p>
101.	<p>Clause 1.1.8 Page 16 (The Auctions)</p> <p>Will the operator get a single (generic) digital certificate that can be installed into all our computers, or will there be unique digital certificate for each computer? If its unique per computer, the operators would need few digital certificates say a minimum of 4 digital certificates for 2 computers at the primary site and 2 computers at the backup site.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
102.	<p>Clause 5.2.4 Page 39-40 (Earnest Money Deposit)</p> <p>It has been mentioned that the EMD (in the form of a Bank Guarantee from a Scheduled Bank) 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.</p> <p>No time frame for the same has been mentioned for returning/ releasing the same. DoT may please mention a time frame in this regard?</p>	<p>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 normally within 30 days.</p> <p>No interest will be payable under any circumstances.</p>
103.	<p>Clause 5.5 Page 40-41 (Payment Methodology)</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>As per the IM, the successful bidder is required to submit the amount within 10 days of declaration of successful bidder and final price.</p> <p>It may please be clarified that whether the 10 days as referred above means 10 working days and excludes Saturdays, Sundays and Public Holidays?</p> <p>If no, what happens in case the date of payment is Saturday / Sunday / Public Holiday? Whether the payment can be made on the following day?</p>	<p>Successful Bidders shall deposit the Successful Bid Amount within 10 calendar days of the close of the Auction. If the payment due date falls on a Saturday or on a Sunday or a Public Holiday, the payment will need to be made by the working day immediately prior to the Saturday or Sunday or Public Holiday.</p>
104.	<p>Clause 5.5 Page No. 40-41 (Payment Methodology)</p> <p>What benchmark rate will be applied for 'prescribing a suitable rate of interest?</p>	<p>Details will be indicated in the NIA.</p>
105.	<p>Clause 7.3.9 Page No. 54 (Top-up Facility)</p> <p>The IM states as below: “There is a provision for top-up up to 3 blocks of 1.25MHz each (3.75MHz) so as to make a minimum allocation of Four Blocks in the case of a new entrant. This will be applicable for each Clock Round and subject to a top-up of a maximum of Three Blocks for each Service Area. As per the Auction Rules, if he is deemed to be a Provisional Winning Bidder for n number of Blocks (where n is GREATER than Zero but LESS than FOUR) due to Excess Demand in that Service Area, in which case the Blocks allocated at the end of this particular Clock Round for this bidder would be topped up with an additional 4-n Blocks. This will ensure that a New Entrant, if happens to be a Provisional Winning Bidder, will be allotted a minimum of 4 Blocks for that particular Service Area. Please note that the top-up facility will be activated only for New Entrants and for those Service Areas where the Bidder (New entrant) is a Provisional Winning Bidder.” The illustration/ explanation provided by DoT is not clear. DoT may please elaborate the same with an example and how it will be implemented during the bidding process?</p>	<p>Please refer to amended Sections 7 & 8 of IM in Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
106.	<p>Clause 7.5 Page No. 57-59 (Information Policy)</p> <p>“During the Clock Round Stage, the following information will be provided to Bidders after each completed Clock Round:</p> <p>What is the estimated time for disclosure of this information?</p>	<p>Within 5 minutes from the closure of the Clock Round. It might vary in case of unforeseen circumstances.</p>
107.	<p>Clause 7.5 Page No. 57 (Information Policy)</p> <p>It has been stated that: "During the Clock Round Stage, the following information will be provided to Bidders after each completed Clock Round: The total number of Bids received for the Number of Blocks in each Service Area in the last completed Clock Round;" DoT is requested to elaborate regarding the format and the information which shall be provided supporting it with an illustration. For example in case of 4 bids received for 8 blocks will the information be provided as 4 bids for total of 8 blocks or 1 bids for 4 blocks, 1 bid for 2 blocks and 2 bids for 1 block each?</p>	<p>Please refer to amended Sections 7 & 8 of IM in Annexure B.</p>
108.	<p>Clause No. 11.5.1 [6(a)] Page No. 102 (Details of Promoters / Partners / Shareholders in the Company)</p> <p>Please confirm that the company, whose network meets the minimum network requirement of the UASL Agreement for the UASL / CMTS Agreement, is not required to declare the network of its promoter / shareholders</p>	<p>Network of its promoters/ shareholders is required to be declared, as per the Proforma.</p>
109.	<p>Clause No. 11.5.1 [12], Page No. 103-104 (Network)</p> <p>The clauses states that “Network of the Company (certificate from Company Secretary certifying the net worth to be provided) It also requires to provide combined net</p>	<p>It is required.</p>

No.	Query	Response
	<p>worth of any promoter that holds more than 10% in the Company (actual break-up to be provided; certificate from the Company Secretary of each of such promoter that has been considered in the calculation to be provided)”</p> <p>Please confirm that the companies, whose network meets the minimum network requirement of the UASL Agreement for the UASL / CMTS Agreement is not required to declare the network of its promoter.</p>	
110.	<p>Clause 11.5.2 Page No. 106-107 (Indicative Format for Earnest Money Deposit)</p> <p>Please provide the Complete Postal Address of the beneficiary as it is required to be submitted to the banks?</p>	<p>As per format provided in NIA.</p>
111.	<p>Clause 11.7.2 Page No. 115 (Bidder Technical Problems)</p> <p>“Bidders experiencing technical problems while accessing the EAS either before or during a Round should contact the Auction Administrator as soon as possible. Bidders will be provided with a telephone number and an email address to contact the Auction Administrator. In the event of problems accessing the EAS, Bidders should not rely on email to communicate with the Auction Administrator. In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:</p> <ul style="list-style-type: none"> • Re-schedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started. • Re-schedule the finishing time of a Clock Round in progress.” <p>DoT may kindly clarify, in case only one bidder is having a technical failure, will the delay on bid submission on account of technical failure be adjusted with the Extension Budget Quota (of 4 hours)?</p>	<p>In the case, where the EAS is functioning absolutely fine, the delay in bid submission will not be adjusted with the extension budget.</p> <p>It would be the respective bidder’s responsibility to immediately get in touch with the Auction Administrator in case they face any problem in accessing the EAS.</p>
112.	<p>Clause 3.1 Page No. 25-26 (Spectrum to be auctioned):</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>The Supreme Court allowed the operators whose licenses have been cancelled to continue providing services for 4 months (which has further been extended till 18th Jan,2013), envisaging that the operator would get a fair chance of winning the spectrum back through auction. It appears from the IM that the government has not put up the entire spectrum getting vacated from the cancelled licenses for auction which can lead to mandatory cancellation of some of licenses even if they are willing to pay market determined price.</p> <p>In this regard, we would like DoT to clarify; how it complies with the judgment of the Supreme Court of India dated 02-02-2012?</p>	<p>Auction is being conducted in accordance with the orders of the Supreme Court.</p>
113.	<p>Clause 7.3.6 Page 51-52 (Ranking of Bidders and Provisional Winning Bidders)</p> <p>As per our understanding, the Number of Bids signifies the total number of blocks bid by both new and existing operators and not the number of bidders. DoT may clarify if the blocks bid will be ranked or the bidders.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
114.	<p>Clause 7.3.8 Page 53 (Winning Bids and Winning Prices)</p> <p>Consider a scenario for auction of 1800 MHz, where in a new entrant bid is at 6th position for 4 Block and there is no top facility available (e.g. Circle like Delhi, Mumbai, Gujarat, Punjab, UP(E), Rajasthan, HP), and this the final clock round, so will the 3 blocks go unsold? DoT is required to confirm/clarify the same.</p>	<p>Yes. Such an eventuality cannot be ruled out.</p>
115.	<p>Clause 7.3.1 Page No. 45-46 (The Clock Stage – Overview)</p> <p>Consider a scenario where in the Existing Operator bids for 2 blocks in Clock Round ‘n’ and is the provisional winning bidder in that round n. The round n has an excess demand of greater than 0. In round n+1, there will be an increase in the bidding price as mentioned in Table 7-C. In this round (n+1) as per our understanding the Existing</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Player has the option for bidding for 1 or no block at all. The DoT is required to confirm/clarify the same.</p>	
116.	<p>Page 18</p> <p>As per DoT web site, M/s. Times Internet Limited has been selected as auctioneer. However, the IM shows (page 18) shows M/s. e-Procurement Technologies Limited also. Please clarify</p>	<p>The ‘auctioneer’ is a consortium of M/s. Times Internet Limited and M/s. e-Procurement Technologies Limited.</p>
117.	<p>4.4.1.2 (i)</p> <p>Whether new as well as existing operators will have to fulfill roll out obligations on DHQ basis as mandated in the current UASL as well as at BHQ level as mentioned in 4.4.1.2.(i). Please provide the BHQ list circle wise with clearly identified boundaries along with NIA.</p>	<p>New entrants will have to fulfill roll out obligations as provided in the existing UASL as well as the obligations in respect of the BHQs mentioned in the IM. The incumbent licensee will have to meet rollout obligations given in IM clause 4.4.1.2, in addition to their existing rollout obligations for which they may also offer coverage of BHQs already achieved as a part of compliance towards rollout obligations. The list of Block Headquarters (BHQs) and its ‘to the scale’ Map (s) will have to be obtained by the successful bidders from the respective State Governments/ Administrations/ local bodies.</p>
118.	<p>Page 63</p> <p>On page 63 there are EMBG amounts mentioned for Maharashtra and Punjab that are not tallying with the figures mentioned on page no. 13. Please clarify which are the correct figures?</p>	<p>This will be rectified in the NIA.</p>
119.	<p>Whether all 11 blocks of 1800 MHz will be put on action at the first go? What will happen to topping up if there are 2 new bidders and one or more Existing Operator bidder as there are no additional blocks available in 7 circles.</p>	<p>8 blocks will be the base to calculate the excess demand. But the top up facility of 3 blocks will be available from first clock round.</p> <p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
120.	<p>When will DoT come up with new M&A guidelines for handling transactions post 2G auction?</p>	<p>M&A guidelines will be applicable as announced from time to time</p>
121.	<p>Table 1-B (Page 17)</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Opportunity to seek clarification after release of NIA, on NIA should be given. To introduce an appropriate step in the table 1-B on page 17.</p>	<p>The NIA will provide for making Enquiries, upto 10 calendar days before the last date for submission of applications. The Government may or may not respond to any query, in part or full, at its sole discretion. In case it responds to any query, the response shall be made public. However, the identity of the person making the query will not be disclosed, to the extent possible. Further contact details for support during the e-auction will be separately provided to the eligible Applicants.</p>
122.	<p>Page 2 Important Notice</p> <p>a. In view of disclaimer whether information contained in information Memorandum (IM) be treated as an authentic one? If yes, then why disclaimer is added in the beginning?</p> <p>b. Since IM is not a legal document & no bidder's conference is envisaged after issuance of NIA the only legal and valid document for this process, how the department is going to respond to various queries in respect of NIA by the applicant companies to make the process transparent, fair and Just?</p>	<p>The NIA will provide for making Enquiries, upto 10 calendar days before the last date for submission of applications. The Government may or may not respond to any query, in part or full, at its sole discretion. In case it responds to any query, the response shall be made public. However, the identity of the person making the query will not be disclosed, to the extent possible. Further contact details for support during the e-auction will be separately provided to the eligible Applicants.</p>
123.	<p>7.3.7 Excess Demand</p> <p>The excess demand is defined as “The total number of Blocks for which Bids received in a particular Service Area at a price equal to the Clock Round price set in the last completed Clock Round; minus The number of Blocks available in that Service Area.”</p> <p>With reference to 1800MHz band, please clarify will ‘the number of blocks available in the Service Area’ refer to 8 blocks or 8 blocks plus additional blocks in the Service Area?</p>	<p>Excess demand will be calculated keeping the base as 8 blocks.</p> <p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
124.	<p>In case of a holder of quashed licenses, who participates but fails to secure spectrum in the auction, what action does the</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Government propose to take for ensuring the following :</p> <ol style="list-style-type: none"> Refund of entry fee paid earlier. Payment against investments made in capex and working capital. Payments against Operating cash losses incurred etc. 	<p>This question is not relevant to auction of spectrum.</p>
125.	<p>Please confirm that any holder of quashed licenses who wins spectrum in one or more service areas in the auction would be eligible for adjustment of entry fee paid earlier for the quashed licenses against the payment to be made for spectrum won in this auction i.e. the holder of quashed licenses will be required to pay only the net amount.</p>	<p>No.</p>
126.	<p>In case the Government objectives for auction as highlighted viz. to obtain a market determined price is not met in terms of all spectrum slots being not taken up at reserve price i.e. demand lesser than supply at reserve price, then does the Government propose to conduct a re-auction with a lower reserve price to determine the true market price. If so, in case we win and later if the final price discovered is lower, will we be entitled to refund of excess payment.</p>	<p>Only questions related to the current auction are being answered.</p>
127.	<p>3.1</p> <p>Please refer clause 3.1 of IM wherein it is stated that “Department would ensure that the entire quantum of spectrum of 10 MHz is allocated in the auction”. Please confirm as to how the Department proposes to ensure the same. In case the entire 10 MHz is not allocated in some service areas, whether DoT proposes re-auction spectrum in such service areas with different conditions, such as lower reserve price etc.</p>	<p>The schedules for subsequent auctions will be indicated from time to time.</p>
128.	<p>Post conclusion of this auction, the winning bidders would be competing with those existing operators whose licenses would continue to remain valid till as late as 2026. However such competing operators would have a much lower cost structure for spectrum (pan India spectrum price being</p>	<p>Auction design ensures level playing field between similarly placed bidders.</p> <p>Decision regarding levy of one time charge</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Rs.1,658 crores) and this would severely impact the viability of new winners, who would acquire spectrum at a much higher price (pan India spectrum price being Rs.14,000 crores or higher). This will be particularly severe for operators who are forced to bid at such high prices to protect their existing investments made over the last four years. Kindly inform as to how does DoT plan to address the aforesaid level playing field issues arising out of the auction.</p>	<p>for spectrum currently held by existing operators is separately under consideration.</p>
129.	<p>Please confirm that as against 5 to 6 quashed licenses per service area in 1800 MHz, the new auction would permit a maximum of only 2 new entrants to win in the auction. This restricts competition. Please confirm whether the Government's intention is to restrict competition?</p>	<p>Please refer to Clause 1.1.2 of IM.</p>
130.	<p>A per our reading of the IM, it is possible that the current auction design can lead to a situation wherein no holder of quashed licenses / new entrant would win any spectrum and the existing operators would be able take the entire spectrum of 10 MHz put up for auction. This would eliminate 5 to 6 players in the respective service areas and reduce competition significantly. Please confirm that this understanding is correct and there can indeed be a situation where no holder of quashed licenses / new entrant gets a single slot in a given service area even after participating and bidding in the auction in that service area.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
131.	<p>Please confirm whether the Government by auction design (by allowing new & existing operators to participate in the same auction), is aiming to restrict competition and not allowing serious operators with existing investment to protect their investment as they are being forced to compete with existing operator with lower Spectrum cost.</p>	<p>Please refer to Clause 1.1.2 of IM.</p>
132.	<p>Please confirm that in 1800 MHz auction, minimum of 10 MHz of spectrum is reserved for new entrants.</p>	<p>No.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
133.	Will the Government confirm that henceforth any spectrum allocation/ earmarking whether start-up/initial spectrum or additional or so called contractual spectrum in 1800 MHz or 800MHzband, will always be allocated at the price and the terms derived in this auction.	Administrative allotment of spectrum through market determined price is under Presidential Reference.
134.	The IM specifies 33% upfront payment for 1800 MHz and 25% upfront payment for 800MHz. This is discriminatory and should be same for both the spectrum bands, particularly considering the fact that the minimum number of blocks that need to be acquired in 800 MHz auction is half (only 2 blocks) of that applicable to a new entrant in 1800 MHz auction (4 blocks).	No change in the conditions of IM.
135.	For the purpose of ascertaining the provisional winner in a clock round, one of the criteria is ‘Number of Service Areas’ the operator is bidding for. The operators participating in the auction will be bidding for different number of blocks in a service area varying from 1 block to 5 blocks and this difference needs to be recognized for the purpose of ranking. Hence, “Number of Service Areas “alone is not a fair criterion for determining the ranking, as it totally ignores the blocks being bid by each operator. In view of the same the criteria should be based on the ‘Number of blocks’ the operator is bidding for instead of ‘Number of Service Areas’. Please confirm your views in this regard.	Please see amended sections 7 & 8 of IM attached as Annexure B.
136.	SC has mandated that “allocation of spectrum in 2G band in 22 Service Areas by auction, as was done for allocation of spectrum in 3G band”. In the 3G auction each spectrum block was of 5 MHz and each bidder had to bid for a minimum of 5MHz. In the proposed 2G auction each spectrum block has been reduced to 1.25 MHz each, but each new entrant bidder has to bid for a minimum of 5MHz. Hence, any new bidder of spectrum had to bid for 5 MHz in 3G auction and the condition remains the same also in 2G auction.	Please see amended sections 7 & 8 of IM attached as Annexure B.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response																																																																	
	<p>However, while the minimum spectrum to be bid for is 5 MHz, the price escalation provided in 1800 MHz is much higher in the proposed 1800 MHz auction, as can be seen from the table below</p> <table border="1"> <thead> <tr> <th>Excess Demand</th> <th>Price Increase %</th> <th>Blocks as per IM (1800 MHz)</th> <th>3G (NIA) Proposal</th> <th>1800 MHz (IM Proposal to make 1800 MHz same as 3G)</th> </tr> </thead> <tbody> <tr><td>1</td><td>1.25</td><td>-</td><td>1%</td><td>0.25%</td></tr> <tr><td>2</td><td>2.50</td><td>-</td><td>5%</td><td>0.50%</td></tr> <tr><td>3</td><td>3.75</td><td>-</td><td>10%</td><td>0.75%</td></tr> <tr><td>4</td><td>5.00</td><td>1%</td><td>10%</td><td>1.0%</td></tr> <tr><td>5</td><td>6.25</td><td>-</td><td>10%</td><td>2.0%</td></tr> <tr><td>6</td><td>7.50</td><td>-</td><td>10%</td><td>3.0%</td></tr> <tr><td>7</td><td>8.75</td><td>-</td><td>10%</td><td>4.0%</td></tr> <tr><td>8</td><td>10.00</td><td>5%</td><td>10%</td><td>5.0%</td></tr> <tr><td>9</td><td>11.25</td><td>-</td><td>10%</td><td>6.25%</td></tr> <tr><td>10</td><td>12.50</td><td>-</td><td>10%</td><td>7.5%</td></tr> <tr><td>11</td><td>13.75</td><td>-</td><td>10%</td><td>8.75%</td></tr> <tr><td>12</td><td>15.00</td><td>10%</td><td>10%</td><td>10.0%</td></tr> </tbody> </table> <p>It is to be noted that the blocks have been made smaller only to accommodate existing operators who have not been impacted by quashing of licenses. However, for the purpose of price increase the same block size should be used as in the case of 3G auction as mandated by SC and in case of smaller blocks these should be pro-rated as proposed in the table above. In the absence of this correction, the holder of quashed licenses would suffer extreme hardship as the reserve price for 1800 MHz (Rs.14,000crores) is already 4 times the 3G reserve price (Rs 3,500 crores) and on top of that the price increase of a much higher percentage is being proposed.</p>	Excess Demand	Price Increase %	Blocks as per IM (1800 MHz)	3G (NIA) Proposal	1800 MHz (IM Proposal to make 1800 MHz same as 3G)	1	1.25	-	1%	0.25%	2	2.50	-	5%	0.50%	3	3.75	-	10%	0.75%	4	5.00	1%	10%	1.0%	5	6.25	-	10%	2.0%	6	7.50	-	10%	3.0%	7	8.75	-	10%	4.0%	8	10.00	5%	10%	5.0%	9	11.25	-	10%	6.25%	10	12.50	-	10%	7.5%	11	13.75	-	10%	8.75%	12	15.00	10%	10%	10.0%	
Excess Demand	Price Increase %	Blocks as per IM (1800 MHz)	3G (NIA) Proposal	1800 MHz (IM Proposal to make 1800 MHz same as 3G)																																																															
1	1.25	-	1%	0.25%																																																															
2	2.50	-	5%	0.50%																																																															
3	3.75	-	10%	0.75%																																																															
4	5.00	1%	10%	1.0%																																																															
5	6.25	-	10%	2.0%																																																															
6	7.50	-	10%	3.0%																																																															
7	8.75	-	10%	4.0%																																																															
8	10.00	5%	10%	5.0%																																																															
9	11.25	-	10%	6.25%																																																															
10	12.50	-	10%	7.5%																																																															
11	13.75	-	10%	8.75%																																																															
12	15.00	10%	10%	10.0%																																																															
137.	7.3.9	<p>Refer IM clause 7.3.9, regarding top up facility, please confirm that once the additional 2/3 blocks have been released in any clock round, these blocks would remain available for all future clock rounds.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>																																																																
138.	Please also clarify the method of calculation of excess demand in case additional top up	Excess demand would always be calculated on the basis of 8 blocks.																																																																	

No.	Query	Response																				
	<p>blocks have been released. Our understanding is that for the calculation of excess demand the number of Blocks available in any service area will be taken as 8 blocks plus any top up blocks released. Please confirm</p>																					
139.	<p>With reference to the Top-up facility, there could be a scenario where the new entrant is a provisional winner for 1/2/3 blocks in a particular service area and there are 2/NIL blocks available for top up (service areas like Maharashtra, Haryana, UP (w) and Bihar are having 2 additional blocks, while in the service areas of Delhi, Mumbai, Gujarat, Punjab, UP(E), Rajasthan and HP there are NIL blocks). The following scenarios are possible, where 5 MHz (4 blocks) is not available even after including the top up blocks.</p> <p>Blocks for which New Entrant is Provisional Winner out of 8 blocs 1</p> <table border="0" data-bbox="402 989 813 1052"> <tr> <td>Availability of Top Up Blocks</td> <td>Total Blocks</td> </tr> </table> <p>available</p> <table border="0" data-bbox="310 1087 521 1276"> <tr> <td>1</td> <td>-</td> <td>1</td> </tr> <tr> <td>2</td> <td>-</td> <td>2</td> </tr> <tr> <td>3</td> <td>-</td> <td>3</td> </tr> <tr> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td>2</td> <td>-</td> <td>2</td> </tr> <tr> <td>3</td> <td>-</td> <td>3</td> </tr> </table> <p>Please inform that what would be the methodology for allocation of the spectrum blocks in each of the above scenarios?</p>	Availability of Top Up Blocks	Total Blocks	1	-	1	2	-	2	3	-	3	1	2	3	2	-	2	3	-	3	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
Availability of Top Up Blocks	Total Blocks																					
1	-	1																				
2	-	2																				
3	-	3																				
1	2	3																				
2	-	2																				
3	-	3																				
140.	<p>7.5</p> <p>Refer IM clause 7.5, regarding information to be provided after each completed clock round. There should be additional information regarding top up blocks released during the last clock round. Please confirm your views on the same.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>																				
141.	<p>The government has granted deferred payment terms for payment of spectrum in light of the extremely high reserve price of spectrum compared to the entry fee paid in 2008, which is appreciated. However, if</p>	<p>No change in IM conditions.</p>																				

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>these deferred payment installments are subject to interest, then these are of no help to the bidders, as for all purposes, this will be treated as debt. Hence, this becomes a case of borrowing from the government, instead of borrowing from the banks. Hence, this will be genuinely helpful to bidder only if deferred payment terms are provided without charging any interest. Please inform how the government can genuinely support the operators.</p>	
142.	<p>Please clarify the details/ guidelines and terms & conditions for obtaining the Unified License’ or ‘Unified access service license without spectrum’.</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p>
143.	<p>Please confirm that terms and conditions of Unified License or Unified access license without spectrum would be no less favorable when compared to existing licenses of Unified Access Service License.</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p>
144.	<p>3.1&4.7</p> <p>Clause 3.1 of the IM provides that the rights to use spectrum are for a “period of 20 years (from the date of award of right to commercially use the allocated spectrum block)”. However, in Clause 4.7, there is mention of reference to date of LOI, which is inconsistent with Clause 3.1. Hence, the IM may be reviewed to make all references to validity of spectrum consistent with “20 years from the date of award of right to commercially use the allocated spectrum block”.</p>	<p>Clause 4.7 of the IM will prevail and this will be reflected in the NIA.</p>
145.	<p>Since the spectrum is de-linked from License, please confirm that the owner of spectrum acquired in auction at market determined price will be able to sell or transfer such spectrum in case the license is cancelled for any reason.</p>	<p>At this stage, sale or transfer of the spectrum is not allowed as per Government Policy.</p>
146.	<p>The IM states as under –</p> <p>“There are no restrictions on the technology to be adopted for providing services within the scope of the service license. The successful bidder shall provide details of the</p>	<p>For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should not cause</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>technology proposed to be deployed for operation of its services prior to launch of commercial operations.”</p> <p>Please confirm that the requirement of providing details of technology as specified above is procedural and the operator is free to change technology deployed at anytime with due intimation to DoT.</p>	<p>harmful interference to the already operating technologies either in the same band or in the adjacent bands.</p>
147.	<p>The Government has proposed two different payment options viz. upfront and staggered for 12 years. Kindly confirm the mechanism for ensuring that operator making upfront payment is put to no disadvantage in case of any future policy change/ waivers etc. which give additional benefit to those opting for deferred payment option.</p>	<p>No change in the Payment Terms.</p>
148.	<p>Kindly clarify as to why the spectrum has been divided into blocks of 1.25 MHz and not 1 MHz each. 1.25 MHz would mean wastage of 0.05 MHz in case of GSM roll out as the technology uses 200 KHz based steps. The wastage of spectrum will be even higher if an operator wins two blocks of 1.25 MHz, where the unusable quantity will be 100 KHz as GSM technology only allows use in steps of 200 KHz. Earlier operators in 1800 / 900 MHz bands do not have any such non usable spectrum for which we would be paying a high cost as will be determined in auction. Hence, spectrum should be divided in blocks of 1 MHz each.</p>	<p>This has been decided after due consideration.</p>
149.	<p>Please confirm the following :</p> <ol style="list-style-type: none"> a. That for a new entrant, 5 MHz spectrum will be given in a contiguous band so that it can also be used for technologies other than GSM. b. In case the contiguous spectrum is not allocated, and hence the spectrum allocated cannot be used for multiple technologies, please confirm whether the government will assign a different price. 	<p>Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated / available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction.</p> <p>The procedure for frequency assignment would be indicated in the NIA.</p>
150.	<p>Since the new entrant is required to bid for minimum 5 MHz of spectrum in 1800MHz</p>	<p>SUC is as determined by Government from time to time.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>auction, the first slab for the Spectrum Usages Charges should be “up to 5 MHz” instead of current slab of “up to 4.4MHz”. A new entrant bidding for minimum quantum of spectrum should be at the lowest slab of spectrum usage charge.</p>	
151.	<p>Please provide details on spectrum availability and auction roadmap for next 3-4 years in 700 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz spectrum bands.</p>	<p>The schedules for subsequent auctions will be indicated from time to time.</p>
152.	<p>What is the possibility of complete 13.75 MHz spectrum becoming available before the commencement of auction at locations where it is currently not available?</p>	<p>Spectrum available for auction will be indicated in the NIA.</p>
153.	<p>What action does the Government propose in case of interference in auctioned spectrum? For example spectrum allocated for 3G is unusable in some service areas due to interference.</p>	<p>Efforts would be made to resolve the interference.</p>
154.	<p>Considering huge investment and existing operations of the serious operators ,whose licenses are quashed and who fail to win any spectrum in the auctions, kindly confirm whether the Government would permit such licenses to continue operations through Intra Circle Roaming and Inter Circle Roaming mechanism etc. till they can make alternate arrangement for subscribers and equipment etc.</p>	<p>The continuation of the services provided to the customers by the quashed licensees will be governed as per Hon’ble Supreme Court Orders.</p>
155.	<p>Please define the Block HQRS and also provide the list of Block HQRS</p>	<p>BHQ is as declared by the respective state Government/ Administration. The list of Block Headquarters (BHQs) will have to be obtained by the successful bidders from the respective State Governments/ Administrations.</p>
156.	<p>3.1 Refer clause 3.1 of IM, please clarify what is meant by “categorization of bidders”.</p>	<p>“Categorization of Bidders” refers to the Bidders as a New Entrant or an Existing Telecom Service Provider for each Service Area.</p>
157.	<p>4.4.1.2</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	Please refer clause 4.4.1.2, please confirm that operator would have the choice to cover block town in lieu if block headquarters, as is the case with DHQs.	Choice to cover block town in lieu of block headquarters is not available.
158.	Considering paucity of maps at block level, please clarify whether Government would make available details of blocks through supply of maps etc.	The list of Block Headquarters (BHQs) and the scale Map(s) will have to be obtained by the successful bidders from the respective State Governments/ Administrations/ local bodies.
159.	4.4.1.3 Please refer clause 4.4.1.3 and confirm that new entrant can provide DHQ and block coverage through passive infrastructure sharing as well as Intra circle roaming arrangement.	Conditions for compliance of rollout obligations are clear that rollout obligations cannot be complied using the Intra Service Area roaming arrangements.
160.	Is there any time frame, or any “off period”, before a follow up auction for the same spectrum bands that are currently planned for auction?	The schedules for subsequent auctions will be indicated from time to time.
161.	Please clarify the M&A policy for 1800/ 800 MHz auction.	M&A policy will be as announced by the Government from time to time.
162.	Please clarify the spectrum pooling /leasing policy for the 1800 /800 MHz auction.	NTP-2012 envisages pooling / leasing of the spectrum. Detailed guidelines will be issued in due course.
163.	Clause 5.4 states “Bids made in the Auctions shall be valid for a period of six months from the date when the Bids are made”. Generally the bids are made during the auction and at the closure of the auction the result is declared and hence there is no reason for the bids to be valid beyond the closure of the auction, which is expected to finish in a much shorter time frame than 6 months. In light of this, please explain the circumstances where the bids will need to remain valid for as long as 6 months from the date of bidding.	No change in IM.
164.	Table 7-A Page 61 has the following comments at the end of Table 7-A. ** One contiguous 5MHz (4 x 1.25MHz)	Details will be provided in NIA.

No.	Query	Response
	<p>slot is partially available This applies to HP (8 blocks), Bihar (8+2) blocks and Assam (8+3 blocks). The comment is not clear and we request that the exact implication of this for each circle be clarified i.e. in each of these circles how many contiguous blocks of 5 MHz are available across the circle and how many contiguous blocks of 5 MHz are available in part of the circle. ***One contiguous 5MHz (4 x 1.25MHz) slot is not available This applies to Delhi (8 blocks), Mumbai (8 blocks), Punjab (8 blocks), UPW (8+2 blocks), UPE (8 blocks) and West Bengal (8+3 blocks)Circles. The comment is not clear and we request that the exact implication of this for each circle be clarified i.e. in each of these circles how many contiguous blocks of 5 MHz are available across the circle and how many contiguous blocks of 5 MHz are available in part of the circle.</p>	
165.	<p>SC vide its judgment of February 2, 2012 had cancelled the licenses granted and spectrum allocations made pursuant to the two press releases of 10.1.2008 The SC had ordered such cancellation along-with directions that the licenses and spectrum should now be granted by way of an auction similar to the 3G auction. In view of the same kindly confirm the quantity of spectrum which has reverted to DoT consequent to quashing of license & spectrum issued pursuant to two press releases dated 10.01.2008.</p>	Not relevant to this auction.
166.	<p>SC vide its judgment of February 2, 2012 had cancelled the licenses granted and spectrum allocations made pursuant to the two press releases of 10.1.2008,. The SC had ordered such cancellation along-with directions that the licenses and spectrum should now be granted by way of an auction similar to the 3G auction. Hence, it is necessary that all the spectrum that has been quashed should be put up for auction. Currently the IM is providing only 10 to 13.75 MHz of spectrum for each service area in the auction. This reduction of</p>	No change in IM condition.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>spectrum to be auctioned from the total quashed spectrum is contrary to SC order. Hence, the total quashed spectrum should be auctioned. Please confirm.</p>	
167.	<p>Supreme Court vide its judgment of February 2, 2012 had cancelled the licenses granted and spectrum allocations made pursuant to the two press releases of 10.1.2008. The Supreme Court had ordered such cancellation along-with directions that the licenses and spectrum should now be granted by way of an auction similar to the 3G auction. In view of the same, kindly confirm the exact quantity of spectrum which has reverted to DoT consequent to quashing of licenses & spectrum issued pursuant to two press releases dated 10.01.2008. This clarity is critical to understand as to which all licenses stand quashed (until date there is no communication to any operator or any formal notification listing the licenses / spectrum allocations which have been cancelled) and hence which all operators have to participate in auction to get back the quashed spectrum, if they so desire.</p>	<p>Please refer to clause 1.1.3 of the IM.</p>
168.	<p>Supreme Court vide its judgment of February 2, 2012 had cancelled the licenses granted and spectrum allocations made pursuant to the two press releases of 10.1.2008. The Supreme Court had ordered such cancellation along-with directions that the licenses and spectrum should now be granted by way of an auction similar to the 3G auction. Hence, it is necessary that all the spectrum that has been quashed should be put up for auction. Currently the INFORMATION MEMORADUM is providing only 10 to 13.75 MHz of spectrum for each service area in the auction. Given the process explained at the pre bid conference, it is also possible that even though there is demand for more spectrum only 6.25 MHz may be allocated. This reduction of spectrum to be auctioned from the total quashed spectrum is extreme and is contrary to SUPREME COURT order. Hence, the total quashed spectrum should be auctioned without any conditions</p>	<p>No change in the IM condition.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	or limitations. Please confirm.	
169.	Please confirm that in 1800 MHz auction, minimum of 10 MHz of spectrum is reserved for new entrants.	No.
170.	<p>As per our reading of the INFORMATION MEMORANDUM, it is possible that the current auction design can lead to a situation wherein holder of quashed licenses / new entrant would not win any spectrum and the existing operators would be able take the entire spectrum of 10 MHz put up for auction. This would eliminate 5 to 6 players in the respective service areas and reduce competition significantly. Please confirm that this understanding is correct and there can indeed be a situation where no holder of quashed licenses / new entrant gets a single slot in a given service area even after participating and bidding in the auction in that service area. To reduce the possibility of unallocated blocks and ensuring that new entrants are not totally eliminated , the following are proposed</p> <ol style="list-style-type: none"> a. All blocks should be auctioned fully without any concept of a top up. b. New entrants should be given a higher ranking compared to existing operators c. he fifth block for which bid has been put by any new entrant should have the lowest ranking. 	Please see amended sections 7 & 8 of IM attached as Annexure B.
171.	NTP 2012 has stated in its objectives that a simplified Merger & Acquisition regime in telecom service sector would be put in place while ensuring adequate competition. In view of the same, please clarify the M&A policy for 1800/ 800 MHz auction.	M&A guidelines will be applicable as announced from time to time.
172.	The government has been trying to justify the significantly higher reserve price on account of flexibility to operators to use any technology. We do not agree with that rationale because the licenses have been technology neutral since 1999 itself. Without prejudice to the same, even if one were to accept the rationale given by the	Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated / available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Government, it is essential to have contiguous spectrum of 5 MHz for deploying new technologies on 1800 MHz band. In many Service Areas all the spectrum being auctioned is not contiguous 5 MHz and hence in absence of so called flexibility to deploy technologies, no rationale exists for higher reserve price. Please advise how does DoT plan to address this issue.</p>	<p>The procedure for frequency assignment would be indicated in the NIA.</p>
173.	<p>What action does the Government propose in case interference in auctioned spectrum makes commercial use of spectrum not feasible? We are already faced with this situation in 3G where the spectrum allocated after auction and taken at a high cost is unusable in some service areas due to interference. The Government must plan to provide alternate spectrum in case of interference or refund the fee paid for spectrum. Kindly confirm.</p>	<p>Efforts would be made to resolve the interference.</p>
174.	<p>Clause 4.4.1.3</p> <p>Refer clause 4.4.1.3 - confirm that new entrant can provide DHQ and block coverage through active infrastructure sharing as well as Intra circle roaming arrangement.</p>	<p>Rollout obligations may be met through shared infrastructure to the extent permissible as per guidelines / instructions applicable from time to time. Rollout obligations cannot be complied using the Intra Service Area roaming arrangements.</p>
175.	<p>In case the Government objectives for auction as highlighted viz. to obtain a market determined price is not met in terms of all spectrum slots being not taken up at reserve price i.e. demand lesser than supply at reserve price, then does the Government propose to scrap the auction proceedings and conduct a re-auction with a lower reserve price to determine the true market price (price point where demand is equal to or exceeds the supply).</p>	<p>Decision will be taken at the appropriate time.</p>
176.	<p>For the purpose of ascertaining the provisional winner in a clock round, one of the criteria is 'Number of Service Areas' the operator is bidding for. The operators participating in the auction will be bidding for different number of blocks in a service area varying from 1 block to 5 blocks and</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response
	<p>this difference needs to be recognized for the purpose of ranking. Hence, “Number of Service Areas “alone is not a fair criterion for determining the ranking, as it totally ignores the blocks being bid by each operator.</p> <p>The holders of quashed licenses are already being penalized by having their licenses cancelled and their being required to acquire the quashed licenses and spectrum at a much higher price and the above proposed ranking criteria which ignores the number of blocks being bid for would further put them at a disadvantage vis a vis existing operators who have the choice of bidding for only one block in a Service Area as against a minimum of 4 to be bid by a new entrant. In view of the same the criteria should be based on the ‘Number of blocks’ the operator is bidding for instead of ‘Number of Service Areas’. Please confirm your views in this regard.</p>	
177.	<p>Clause 7.3.9</p> <p>Refer IM clause 7.3.9, regarding top up facility, please confirm that once the additional 2/3 blocks have been released in any clock round, these blocks would remain available for all future clock rounds.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
178.	<p>Please also clarify the method of calculation of excess demand in case additional top up blocks have been released. Please also clarify the method of calculation of excess demand in case additional top up blocks have been released. This was discussed at the pre bid conference and the impression given was that if the given conditions were met, a maximum of 3 or 2 blocks (as available in a given service area) would be made available as top-up for new entrants. However, it was also explained that for the purpose of calculating excess demand, these top-up blocks would be excluded from the “available blocks”. This is totally illogical and unfair and would result in unnecessary and artificial price increments in the auction. When a spectrum block is made available, although conditionally, it has to be counted both for the purpose of “actual</p>	<p>Excess Demand is calculated based on the Number of blocks for which bids have been received for a Clock Round Price.</p> <p>Top up is calculated after the closure of a Clock Round when the Provisional Winning Bidders are declared.</p> <p>Please see amended Sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response																					
	demand” and “available blocks”. Please confirm.																						
179.	<p>With reference to the Top-up facility, there could be a scenario where the new entrant is a provisional winner for 1/2/3 blocks in a particular service area and there are 2/NIL blocks available for top up (service areas like Maharashtra, Haryana, UP (w) and Bihar are having 2 additional blocks, while in the service areas of Delhi, Mumbai, Gujarat, Punjab, UP(E), Rajasthan and HP there are NIL blocks). The following Supreme scenarios are possible, where 5 MHz (4 blocks) is not available even after including the top up blocks.</p> <p>Blocks for which New Entrant is Provisional Winner out of 8 blocs 1</p> <table border="1" data-bbox="310 831 813 1119"> <thead> <tr> <th data-bbox="310 831 402 884">Availability of Top Up Blocks</th> <th data-bbox="402 831 553 884">Total Blocks</th> <th data-bbox="553 831 813 884">available</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 884 402 936">1</td> <td data-bbox="402 884 553 936">-</td> <td data-bbox="553 884 813 936">1</td> </tr> <tr> <td data-bbox="310 936 402 989">2</td> <td data-bbox="402 936 553 989">-</td> <td data-bbox="553 936 813 989">2</td> </tr> <tr> <td data-bbox="310 989 402 1041">3</td> <td data-bbox="402 989 553 1041">-</td> <td data-bbox="553 989 813 1041">3</td> </tr> <tr> <td data-bbox="310 1041 402 1094">1</td> <td data-bbox="402 1041 553 1094">2</td> <td data-bbox="553 1041 813 1094">3</td> </tr> <tr> <td data-bbox="310 1094 402 1146">2</td> <td data-bbox="402 1094 553 1146">-</td> <td data-bbox="553 1094 813 1146">2</td> </tr> <tr> <td data-bbox="310 1146 402 1199">3</td> <td data-bbox="402 1146 553 1199">-</td> <td data-bbox="553 1146 813 1199">3</td> </tr> </tbody> </table> <p>Please inform what would be the methodology for allocation of the spectrum blocks in each of the above Supreme scenarios?</p>	Availability of Top Up Blocks	Total Blocks	available	1	-	1	2	-	2	3	-	3	1	2	3	2	-	2	3	-	3	<p>In the scenarios where the New Entrant is a Provisional Winning Bidder for 1,2 or 3 blocks in a Service Area and if there are no top up blocks available in that particular Service Area, then the New Entrant will not be declared as a Provisional Winning Bidder and the same number of blocks (i.e. 1,2 or 3) will remain unsold.</p> <p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
Availability of Top Up Blocks	Total Blocks	available																					
1	-	1																					
2	-	2																					
3	-	3																					
1	2	3																					
2	-	2																					
3	-	3																					
180.	<p>Clause 7.5</p> <p>Refer IM clause 7.5, regarding information to be provided after each completed clock round. There should be additional information regarding top up blocks released during the last clock round. Please confirm your views on the same.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>																					
181.	<p>Please explain the rules for prepayment for a successful bidder who has chosen the deferred payment mechanism. Please also give the rate of interest applicable in case of deferred payment mechanism.</p>	<p>Details of payment terms will be given in the NIA.</p>																					
182.	<p>Clause No. 1.1.3.2</p> <p>With reference to the clause no 1.1.3.2, This will be governed by the terms and</p>																						

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>once the spectrum is securitized and funding is availed against the same from Lenders, and subsequently the winning bidder defaults on the deferred payment obligations, between the government and the Lender who will have the rights over the spectrum?</p>	<p>conditions of the Tripartite Agreement (TPA)</p>
183.	<p>Once demand for top-up block is established in any round, these blocks should be considered as released for all subsequent rounds. Please confirm</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
184.	<p>Please include all the possible scenarios as examples in the NIA pertaining to conduct of auction particularly”</p> <p>a) Please demonstrate a scenario where auction would close with all three top up blocks of spectrum getting allocated.</p> <p>b) Please confirm that there can be a scenario where auction would close with allocation of 6.25 MHz of spectrum allocation even with demand beyond 10MHz. If yes, then please confirm that it is the intent of the Government to go ahead with the auction designed with such scenario which considerably reduces the final allocation of spectrum below 10MHz.</p>	<p>Conference on Auction Design is proposed to be organized on 20th September, 2012 at BSNL Corporate Office, Bharat Sanchar Bhavan, Janpath, New Delhi from 2.00PM to 5.00PM.</p> <p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
185.	<p>What will be the basis for increase in activity level from 80% to 90% and 90% to 100% during the auction?</p>	<p>The level of Activity Requirement will be a function of overall activity levels and will be determined by the Auctioneer. Sufficient advance intimation will be provided to Bidders before the activity levels are changed in any round.</p>
186.	<p>Even in the open house session yesterday i.e.6th Sept. 2012, I had raised an issue which should concern every right thinking Indian that relates to the securitization of Public Interest. As you are aware IM stipulates and demands FBG equivalent to one installment payable by the bidder who chooses to pay the bid amount over a period of ten years. While FBG will take care of Governmental interest for the first year but NIA should specify clearly and categorically of a mechanism to safeguard and securitize the payment due to the Govt. over the period of Ten Years.</p>	<p>Terms of payment will be indicated in the NIA.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>The Govt. has allowed mortgaging the spectrum. There may be cases where a fly by night operator pays the FBG for one year, mortgages the spectrum to raise a loan and then vanishes into thin air.</p> <p>To protect the interest of Govt. it is necessary that suitable safeguards are incorporated in the NIA to ensure that the PUBLIC INTEREST is secure</p>	
187.	<p>Clause 1.1.3 (Page 9)</p> <p>Under clause 1.1.3 (Page 9 of IM), it is mentioned “Hence, foreign entities desirous to participate in the auction(s) will need to be form an Indian company accordingly to obtain a Unified License (UL)</p> <p>a. Clarification required: It is not clear as to when the foreign entity has to apply for UL and how much time will be taken by the Govt. to issue such UL. A clarification need to issued and clear timelines for the aforesaid activities need to put in place.</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
188.	<p>Clause 2.3</p> <p>Clause 2.3 provides for Market Share and states that following chart shows that market share in terms of subscribers of the mobile telephone service providers in India on an all India basis. THERE IS NO CHART PROVIDED IN THE IM</p>	<p>The information is available on TRAI website.</p>
189.	<p>Clarity is required whether there would be parity between the validity of the spectrum offered and the validity of the license. Whether the term of spectrum would start running prior to the obtaining of the UL/ UASL? What is the meaning of “commercial operations” as used in many places in the IM in relation to start of the services? It would only be fair that time period of 20 years for the spectrum should start running with the allocation of the UASL for new entrants as spectrum without UL/ UASL is worthless.</p>	<p>The right to use the Spectrum shall be valid for 20 years from the Effective Date unless revoked or surrendered earlier, subject to the operator continuing to have a valid UAS/ CMTS/ UL (Access Services) / UL. In case the UAS/ CMTS / UL (Access Services) / UL is cancelled/ terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith. If the period of an existing UAS/ CMTS / UL (Access Services) / UL of an operator expires before the expiry of the right to use the Spectrum awarded by means of the current Auction, then the validity of the UAS/ CMTS/ UL (Access Services)/ UL with respect to this Spectrum only shall be extended to 20 years from the Effective Date</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		<p>on existing terms without any charges. The extension shall be done on the application of the licensee made in the 19th year of the UAS/ CMTS / UL (Access Services) / UL for extension of the period to make it coterminous with the validity of the right to use this Spectrum.</p>
190.	<p>Page 39</p> <p>On page 39 of the IM, there is a reference to three auctions, as far as we understand there are only two auctions contemplated under the current IM (800 MHz and 1800 MHz). Kindly clarify.</p>	<p>Please read it as “two auctions”</p>
191.	<p>Page 24</p> <p>At page 24 it is mentioned that - The Government reserves the right to amend the license conditions and guidelines from time to time: Please confirm that there will be no unilateral amendments.</p>	<p>No change in the provision of IM.</p>
192.	<p>If any bidder bids up prices to unreasonable levels and later refuses to pay, as per the current provisions only the earnest money deposit will be forfeited. The earnest money deposit is a relatively small amount in the whole scheme of this auction.</p> <p>Suggestion:</p> <ol style="list-style-type: none"> 1. There needs to be a more stringent penalty for such irresponsible behavior. 2. The next highest bidder’s price should be taken into consideration. 	<p>The quantum of Earnest Money Deposit has been decided by Government. However, please note that the liability of any bidder is not limited to a forfeiture of EMD (aggregate EMD deposited by the Bidder, not restricted to the EMD corresponding to the service area where the bidder has defaulted), and the Government will continue to have the right to take any other action.</p>
193.	<p>A clarification needs to be issued on the aspect “Whether an existing GSM operator (not having CDMA spectrum) taking part in auction for 800 MHz will be considered as a new entrant for CDMA and Vice Versa i.e. whether an existing CDMA operators bidding for 1800 MHz will be treated as new entrant for 1800 MHz? This is in view of the fact that Government has allowed dual technology.</p>	<p>Please refer to Annexure C.</p>
194.	<p>When two companies belonging to the same Parent bid for 1800 and 800 MHz,</p>	<p>Yes.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>respectively, please confirm if the pre-qualification process shall be carried out separately for these companies since 1800 and 800 are separate and distinct auctions by themselves.</p>	
195.	<p>Page 63, 13</p> <p>On page 63 there are EMBG amounts mentioned for Maharashtra and Punjab that are not tallying with the figures mentioned on page no. 13. Please clarify which are the correct figures?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
196.	<p>If an applicant pay EMD for, say, 10 service areas, but only bid on one service area and loses the auction for that one as well, would that applicant receive back all of the EMD for all 10 service areas, or only the one that applicant bid on?</p>	<p>Will be subject to the conditions of Section 5.2.4 of IM.</p>
197.	<p>Boundary definitions needed for Block headquarters for meeting rollout obligations, otherwise all local TERM units will manufacture their own boundary definitions?</p> <p>a. Clarification Required: Please clarify what is meant by the term 'area bounded by the local body limits'. Who defines the area bounded for ascertaining/determining the Coverage of Block Headquarters?. There should specific definition for defining the area otherwise all local TERM units will have their own boundary definitions</p>	<p>The boundary of the block headquarters is as per the map/definition given by the State Government/ Administration/ Local Body concerned.</p>
198.	<p>Definition of street level coverage (Rx level in dBm to be defined for the service area)</p>	<p>This will be as per the prescribed Test schedule.</p>
199.	<p>Firm guidelines on sharing active infrastructure including ICR need to be defined specifically for fulfilling new roll out obligations covering prescribed number of block headquarters every Year.</p>	<p>Rollout obligations may be met through shared infrastructure to the extent permissible as per guidelines / instructions applicable from time to time. Rollout obligations cannot be complied using the Intra Service Area roaming arrangements.</p>
200.	<p>Clause 4.4.1.6</p> <p>In respect of Clause 4.4.1.6 on Liquidated</p>	<p>Detailed conditions on Roll-out obligation</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	Damages, DoT should make sure that delay in granting SACFA clearance and in grant of spectrum both Access and Microwave to be taken into account while calculating the delay in the meeting the roll out obligations.	and Liquidated Damages will be indicated in the NIA.
201.	Section 1.1.5.1 (Pg 10)No. of Blocks The methodology for release of top up slot needs clarification.	Please see amended sections 7 & 8 of IM attached as Annexure B.
202.	Section 1.1.10 (Pg 17) Timetable Schedule does not provide date for clarification of queries raised by operators. Needs to be provided.	These are the clarifications.
203.	Section 2.5.1 (2) (Pg 22)License type Time frame for government decision on whether it will be Service Area Level or at National level.	Please refer to revised section 2.5.1 in Annexure A.
204.	Section 2.5.1 (9a) (Pg 23)Equity structure Details of equity holdings in the Applicant Company to be disclosed - please clarify as on which date.	This should be current information as on the date of application.
205.	Section 3.1 & 7.3.8 (Pg 25 &Pg 49) Pricing between new and existing operator These sections state that DoT will maximize the number of slots sold in any service area. However, in the service area where there are no additional top-up blocks available, will the government allocate all the blocks to the new entrant operator at a lower price than bid by the existing operator, in order to ensure allocation of all 8 blocks?	The price shall be the same for all participants.
206.	In the auction process, it is not specified how a bidder can change the number of slots to be bid from one slot to two slots and vice versa. DOT may please clarify.	Please see amended sections 7 & 8 of IM attached as Annexure B.
207.	The current Auction process continues till excess demand is zero or negative and	Please see amended sections 7 & 8 of IM attached as Annexure B.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>activity requirement is set to 100%. This has the following issue:</p> <p>a) The Top up slots are currently not counted while determining the supply but are counted for determining the demand. This situation needs to be corrected and the top up slots should be counted in the supply also. DOT should clarify.</p>	
208.	<p>It is suggested that DOT should consider that the Auction should stop when there is zero activity in the clock round.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
209.	<ol style="list-style-type: none"> 1. In the auction process, it is not specified how a bidder can change the number of slots to be bid from one slot to two slots and vice versa. DOT may please clarify 2. The current Auction process continues till excess demand is zero or negative and activity requirement is set to 100%. This has the following issue <ul style="list-style-type: none"> • The Top up slots are currently not counted while determining the supply but are counted for determining the demand. This situation needs to be corrected and the top-up slots should be counted in the supply also. DOT should clarify. 3. It is suggested that DOT should consider that the Auction should stop when there is zero activity in the clock round. 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
210.	<p>Whether Hon'ble Supreme Court advice in Presidential Reference would be available by before issue of NIA?</p>	<p>It cannot be said.</p>
211.	<p>What is the Govt. policy on spectrum retention on renewal and M&A?</p>	<p>M&A policy will be as announced by the Government from time to time.</p>
212.	<p>Whether Active infrastructure sharing will be allowed post 2G auction? On what conditions?</p>	<p>Amendments to the licenses for active infrastructure sharing, as mentioned in the IM will be issued in due course.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
213.	Will an operator require any specific clearance from DoT prior to engaging in active infrastructure sharing?	Amendments to the licenses for active infrastructure sharing are necessary before sharing and the same will be issued in due course.
214.	<p>1.1.8 The Auctions</p> <p>By what date will the “EAS manual” be available to bidders? We request that the DoT, in due time before the Mock Auction, make available example files of all the downloadable reports that are provided to bidders from the EAS (Excel, CSV etc. formats). Kindly confirm.</p>	Please see amended sections 7 & 8 of IM attached as Annexure B.
215.	<p>4.3 Prospective New Entrants</p> <p>How will DoT facilitate the transfer of customers and network of the quashed licenses to successful bidders? Kindly Request clarity.</p>	This question is not directly related to auction of spectrum.
216.	<p>5.2.4 Earnest Money Deposit</p> <p>We request that the time limit for the validity of the Bank Guarantee for the EMD should be earlier of assignment of spectrum or April 30, 2013.</p>	<p>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 normally within 30 days.</p> <p>No Interest will be payable under any circumstances.</p> <p>Validity of BG will be indicated in the NIA.</p>
217.	<p>7. The 1800 MHz auction rules</p> <p>The IM appears to contain an unconventional stopping rule. Our understanding of the IM is that the auction could end in a round even if there is active bidding in that round. If this is true then revenues can drop by as much as 27 % in a service area in the final round of the auction (with losing bidders unable to raise their bids). If our understanding is correct, then we request that the conventional SMRA stopping rule (wherein the auction only ends when a round passes without any activity (bids or waivers) in any service</p>	Please see amended sections 7 & 8 of IM attached as Annexure B.

No.	Query	Response
	<p>area) – used in practically all previous SMRAs - be used instead. The rule proposed in the IM appears to interact particularly poorly with the other changes that have been made in the IM compared with the 3G auction. It also aggravates the “exposure risk” faced by the bidders, resulting in less aggressive bidding and lower revenues. The stopping rule itself does not much affect the duration of the auction; if the progress of the auction is a concern, then we recommend setting the activity requirement to 100 % in the first round of the auction, as a first remedy.</p>	
218.	<p>7. The 1800 MHz auction rules</p> <p>Our interpretation of the rules described in the IM is that bids, under certain circumstances, can be withdrawn without any penalty (contrary to a basic principle of auction design): If a bidder that is Provisionally Winning Bidder for two blocks (and hence obliged to buy two blocks at that price) bids again for a single block at a marginally higher clock round price, then that bidder effectively has withdrawn a bid since it is maximally committed to buy a single block at that price. Have we understood the rules correctly?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
219.	<p>7. The 1800 MHz auction rules</p> <p>The third tie-breaking criterion in 7.3.6 (tied Bids will be ranked in descending order according to the total number of Service Areas for which Bids have been submitted by the Bidder in the Clock Round when the Bid is submitted, plus the number of Service Areas where the Bidder is a Provisional Winning Bidder at the start of that Clock Round that the Bidder did not raise in that Clock Round) is weighted against new entrants who have to buy more spectrum per circle (four blocks) and could be financially constrained from participating in all 22 circles. Therefore, we would request the DoT that the third tie-breaking criteria mention in the IM be replaced by one of the following:</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response
	<ul style="list-style-type: none"> i. Tied bids in a service area should be ranked in descending order of the number of blocks bid for in that Service Area. ii. Or the tied bids should be ranked as per the third criteria in the 3G auction wherein “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 (i.e. the Bid that is being ranked) is submitted, plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round” iii. Either of the above two option would reduce the “exposure risk” and lead to more aggressive bidding and higher revenues. 	
220.	<p>7. The 1800 MHz auction rules</p> <p>Table 1A, 5A, and 7B contain different deposits per block for some Service Areas.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
221.	<p>7. The 1800 MHz auction rules</p> <p>Section 7. 2 According to IM page 45: “The Government reserves the right to change this allocation at any point during the license period, if required, for harmonizing bands and promoting spectrum efficiency.” Could DoT clarify what “to change this allocation” could imply, and provide more guidance to the circumstances under which a change in allocation may be implemented?</p>	<p>Clause is clear</p>
222.	<p>Section 3.3.1</p> <p>We request that an interested foreign entity be allowed to participate in the Auctions directly, and obtain a license subsequently, as provisioned in the 3G and BWA Auction NIA Section 3.3.1. Such a provision will allow more entities to participate and make the auction process more competitive and successful. Kindly confirm.</p>	<p>Please refer to Annexure C.</p> <p>The DoT guidelines stipulate that a UL (Access Services) license can only be awarded to an Indian Company. Hence, any foreign applicants will need to form, or acquire, an Indian company, to obtain a UL</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		<p>(Access Services) license.</p> <p>The Government is considering allowing foreign entities to participate in the auctions.</p>
223.	<p>We also request that in case a foreign company is allowed to directly participate in the spectrum auction, an authorized official of such foreign company should be allowed to verify the financials and net-worth of the company as it may not be practically possible for an Indian company secretary to verify financials of such foreign company. Please confirm.</p>	<p>The incorporation documents need to be certified by a Company Secretary registered in India.</p>
224.	<p>We request that an Indian registered company with 100% FDI participate in the spectrum auctions and obtain a license subsequently? Kindly confirm.</p>	<p>The Government is considering allowing foreign entities to participate in the auctions.</p> <p>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 opportunity, as such approvals are also available for entities with an intent to invest.</p> <p>Please refer to Annexure A and Annexure C.</p> <p>Also please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf</p>
225.	<p>Presently any additional spectrum allocation in 800/1800 MHz is added to the existing quantum of spectrum and the operator qualifies to the next slab of SUC slab. We request that the same policy will be followed for the spectrum allocation in present round of auction since the revenue separation is not possible for different blocks of spectrum in the same band.</p>	<p>SUC slabs/ rates are as per Government decision from time to time.</p>
226.	<p>Auction Closing</p> <p>The standard stopping rule is one where the auction ends when one round passes without any activity in any circle (any bids or waivers) after the activity requirement has been set to 100% (this is a stronger criterion than negative excess demand).</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
227.	<p>Auction Closing</p> <p>The problem with the unusual stopping rule proposed is that the auction can end in a round in which there is bidding. This means that a bidder which is overbid may be unable to spend funds freed up to bid elsewhere (in another Service Area).</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
228.	<p>Auction Closing</p> <p>The standard rule has been used in more than 100 auctions worldwide. The highest-revenue auctions in the world used the standard stopping rule.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
229.	<p>Auction Closing</p> <p>The stopping rule proposed has been used only once in a high-stake spectrum auction (India 2010).</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
230.	<p>Auction Closing</p> <p>Other countries have opted for the standard rule in subsequent auctions even if they care about revenue and are familiar with the Indian 3G design</p> <ul style="list-style-type: none"> • Hong Kong (2011) - advised by DotEcon, the Indian 3G auction designers - opted for their 2300 MHz auction for the standard stopping rule • Thailand (scheduled for 2012) – advised by Cramton Associates – plans to use the standard rule (Professor Cramton from the University of Maryland has with Pacharasut Sujarittanonta and two other authors studied the Indian 3G auction design experimentally) 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
231.	<p>Auction Closing</p> <p>If the Indian 3G stopping rule had been considered to be generally superior for revenue generating purposes, then surely it would have been adopted by other</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	governments, at least in auctions subsequent to the Indian 3G auction.	
232.	Page 45-46	
	Our interpretation of the rules described in the IM is that bids, under certain circumstances, can be withdrawn without any penalty (contrary to a basic principle of auction design): If a bidder that is Provisionally Winning Bidder for two blocks (and hence obliged to buy two blocks at that price) bids again for a single block at a marginally higher clock round price, then that bidder effectively has withdrawn a bid since it is maximally committed to buy a single block at that price.	Please see amended sections 7 & 8 of IM attached as Annexure B.
233.	Random assignment of spectrum will increase risk and therefore reduce revenue. It is also inefficient.	The procedure for assignment of spectrum will be specified in NIA.
234.	The best solution is to pre-commit to assignment criteria based on spectrum management common sense.	The procedure for assignment of spectrum will be specified in NIA.
235.	Important Notice Can you confirm that the answers to these queries would constitute a representation by the Government to the prospective participants invited to the pre-bid conference?	The final binding document will be the Notice Inviting Applications.
236.	Important Notice Does the data, statements and information provided in the IM by the Government constitute representations which can be relied upon by the prospective bidders/ participants	The final binding document will be the Notice Inviting Applications.
237.	4.3 When does a Prospective New Entrant need to obtain a Unified/UAS License; is it when it is pre-qualified or when it has bid for and won spectrum?	After winning the spectrum.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
238.	<p>4.3 Please provide a definition of a Prospective New Entrant?</p> <p>How can a Unified Access License be acquired now and what is the entry fee for the same? What will be the terms & conditions of such license?</p>	<p>Please refer to revised clause 2.5.1 in Annexure A.</p>
239.	<p>4.4.1</p> <p>Will the NIA contain a list of Block Headquarters?</p>	<p>No. The list of Block Headquarters (BHQs) will have to be obtained by the successful bidders from the respective State Governments/ Administrations.</p>
240.	<p>7.3.6</p> <ul style="list-style-type: none"> • After every round, would the Bids be ranked or the Bidders? • If a New Entrant bids for 4 slots in any service area, then will all these bids be ranked the same? Or, will they be ranked consecutively? (If the random index be assigned individually to each bid, then new entrant can have bids with non-contiguous ranks) • If an Existing Player is a provisional winner in round R in one slot, and bids for second slots in R+1 (but at the same price), will these be treated as 2 different bids or a single bid? Will these bids be ranked contiguously or separately? • Consider the scenario in a service area where 8 slots are available. After round R, a New Entrant is a provisional winning bidder with 4 slots in a service area and has provisional winning ranks 2,3,4,5. The Excess Demand is -1 (a) Provisional winner from Round R-1 becomes the provisional winner of Slot 8 in round R (b) the clock round price for next round R+1 is set as clock round price for Round R). In the next clock round R+1, the same New Entrant puts in a bid for one more slot, with no other bidder putting in any bid. Will the provisional winning rank of this new bid be 6 (i.e. just after its previous 4 provisional winning ranks) or will it be 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response
	<p>8 (since the other 7 bids were made in an earlier round at the same price)?</p> <ul style="list-style-type: none"> • First bullet at the top of Page 52: Bids are ranked by the total number of Service Areas for which Bids have been submitted by the Bidder in the Clock Round when the Bid is submitted plus the number of service areas where bidder is a provisional winner at the start of that clock round and if the bidder did not raise price in that clock round ” • In Round R, operator 1 bid for 1 slot in a service area SA1 and was a provisional winner • In round R+1, operator 1 bids for 1 more slot in the same service area SA1? – Will this be counted as new bid and new service area? And hence push the operator’s priority for ranking. 	
241.	<p>7.3.7 and Table 7-C</p> <p>Please clarify whether the following statements in the IM imply that the maximum absolute increment specified in Table 7-C is mandatory for the auctioneer to follow or does the auctioneer have the flexibility to ignore it. If the auctioneer does not follow the “normal” rule, what conditions could trigger such exceptions?</p> <p>7.3.7 (page 53): The Auction Administrator will normally follow the rule set out in the Table 7-C.</p> <p>Table 7-c (page 65): The Price Increment calculated for a Service Area will always be capped by the following maximum absolute price increments for each Service Area.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
242.	<p>In the case where a new entrant has PWBs for some but not all 4 of their required minimum blocks and there are not further bids in the circle from the new entrant or other bidders.</p> <ul style="list-style-type: none"> • will they end up winning a partial package or • will there be unsold spectrum • or will the spectrum be assigned to 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	another bidder?	
243.	<p data-bbox="310 346 349 380">7.3</p> <p data-bbox="310 415 812 926">The ending rule proposed in the current IM means that bidders will be forced to keep increasing their own bids, even in circles where supply equals demand, in order to be certain of winning the circle, if there remains a mismatch between supply and demand in other circles. If they did not do so there is a danger that the auction could close with a provisional winning bidder (PWB) being knocked off the winning position and losing the circle with no opportunity to bid again. This will not facilitate discovery of the market determined price, is totally unfair and unjustified. How does DoT intend to address this concern?</p>	<p data-bbox="837 415 1349 474">Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
244.	<p data-bbox="310 955 545 989">Table 1A 5A and 7B</p> <p data-bbox="310 989 812 1115">EMD Deposit amount for Maharashtra is Rs. 35.35 crores in Table 1A but in tables 5A and 7B the figure is stated at Rs. 29 crores.</p> <p data-bbox="310 1115 812 1213">EMD Deposit amount for Punjab is Rs. 12 crores in Table 1A but stated as Rs. 9 crores in Tables 5A and 7B.</p>	<p data-bbox="837 989 1349 1050">Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
245.	<p data-bbox="310 1245 699 1278">Clause 7.3.4 and Table 1A and 5A</p> <p data-bbox="310 1314 812 1566">The maximum amount of EMDs to be paid as stated in clause 7.3.4 is Rs. 700 crores for Existing Telecom Service Providers. This again does not match the figures calculated from Table 1A (Rs. 884.50 crores for 2 blocks) which is further different from the amount calculated from Tables 5A and 7B (Rs. 866 crores for 2 blocks)</p> <p data-bbox="310 1566 812 1728">For new entrants, clause 7.3.4 states a maximum EMD amount of Rs. 1750 crores but as per Table 1A, this works out to Rs. 2212.50 crores for 5 blocks and per Tables 5A and 7B the figure is Rs. 2165 crores.</p>	<p data-bbox="837 1314 1349 1373">Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
246.	<p data-bbox="310 1759 812 1858">What are the Networth criteria for the existing UASLs wishing to participate in the auction?</p>	<p data-bbox="837 1759 1211 1793">This will be indicated in the NIA.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
247.	How will be the Network shown for Chennai and TN?	There is no separate bidding for Chennai.
248.	Technology Can any digital technology or technologies be deployed in 1800MHz band to be auctioned together with the already allocated spectrum to existing operators?	Only the spectrum allotted through this auction is considered liberalized spectrum.
249.	Can a winner of spectrum who has not yet met his rollout obligation change his technology and meet the rollout obligation using the new technology?	In case of change of technology, following will be required : i. Coverage, provisioning, delivery, quality and continuity of services in the network deployed with earlier technology are not disturbed. ii. Licensee may be required to submit the test reports as per test schedule/procedure to the licensor who may also carry out sample verification. iii. Licensee may fulfill the remaining part of rollout obligations with later technology as per test schedule/procedure for that technology. iv. For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should not cause harmful interference to the already operating technologies either in the same band or in the adjacent bands.
250.	Will there be any auction of 1800MHz spectrum in the next 12 months? If yes, what will be the reserve price for such auctions?	The schedule as well as applicable reserve price of spectrum will be indicated from time to time.
251.	The IM states that the spectrum shall not be used for any activity other than for which an operator has a license. How does this condition apply /what is the meaning of this condition in the case of the proposed unified licensing regime?	Provisions of IM are self-explanatory.
252.	Why is the block size set at 1.25MHz for 1800MHz when it is more efficient for it to be 1MHz?	This has been decided after due consideration.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
253.	Will the spectrum price be different for contiguous and non-contiguous spectrum?	<p>Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated / available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction.</p> <p>The procedure for frequency assignment would be indicated in the NIA.</p>
254.	<p>Confidentiality</p> <p>Which persons will have access to the identity of the bidders and their bids during the auction? What protection will be put in place to safeguard the security of such information during the auction? Where are the auction servers located?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
255.	<p>Duration</p> <p>Clause 4.7 states that the right to use the spectrum shall be valid for 20 years from the date of issue of LoI. In contrast, Clause 3.1 states that the right to use spectrum will be 20 years from the date of award of right to commercially use the allocated spectrum block. Can the NIA please clarify and confirm that the period of 20 years will be counted from the date that the right is given to commercially use the spectrum?</p>	<p>This will be reflected in the NIA.</p>
256.	<p>In the case of UAS/CMTS licenses coming up for extension, what will be the conditions of extension of the UAS /CMTS License associated with the spectrum acquired in the present auctions? Will the licenses be extended to a duration to that which matches the duration of the spectrum purchased?</p>	<p>The right to use the Spectrum shall be valid for 20 years from the Effective Date unless revoked or surrendered earlier, subject to the operator continuing to have a valid UAS/ CMTS/ UL (Access Services) / UL. In case the UAS/ CMTS / UL (Access Services) / UL is cancelled/ terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith. If the period of an existing UAS/ CMTS/ UL (Access Services / UL of an operator expires before the expiry of the right to use the Spectrum awarded by means of the current Auction, then the validity of the UAS/ CMTS/ UL (Access Services)/ UL with respect to the Spectrum only shall be extended to 20 years from the Effective Date.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		The extension shall be done on the application of the licensee made in the 19th year of the UAS/ CMTS / UL (Access Services)/ UL for extension of the period to make it coterminous with the validity of the right to use this Spectrum.
257.	What will be rate of interest in case of deferred payments? Will such interest be charged on a reducing balance? This may kindly be clarified in the NIA?	Details of payment terms will be in NIA.
258.	As both contiguous and non-contiguous spectrum is being sold in the present auction, how will DoT decide which bidder get contiguous and who gets non-contiguous spectrum? Clarity on this is required as this could impact the business plans of the bidders.	Contiguous spectrum of 5 MHz in 1800 MHz shall be made available to the successful new entrants. Specific frequency spots would be indicated in the NIA. Wherever contiguous spectrum is not indicated/ available currently, necessary action would be taken to ensure contiguity before assignment of frequencies at the end of the auction. The procedure for frequency assignment would be indicated in the NIA.
259.	Miscellaneous Will the queries and answers to the written questions posed by interested parties after publication of the IM form part of the NIA?	No.
260.	Definition of Bid Please clarify the definition of a Bid. The glossary of terms (page 118) seems to suggest that a Bid collectively refers to both the “Yes/ No” choice as well as the number blocks demanded in a given clock round. By this definition, when a Bidder asks for multiple slots but in a single round, it would count as a single bid in the relevant service area. Please confirm that in the closing condition described in page 45 of the IM, this is the definition of bids that will be used (i.e. demand for multiple slots will be counted as a single bid)	Please see amended sections 7 & 8 of IM attached as Annexure B.
261.	If a New Entrant bids for 4 blocks in Clock Round R, and demands one more block in Clock Round R+1, will its new demand for 5 blocks count as a single bid or will it count as 2 bids?	Please see amended sections 7 & 8 of IM attached as Annexure B.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
262.	Can an existing operator reduce its bids from 2 to 1 (except in the scenario where in round R+1, demand < supply and he is declared as PWB for both bids due to PWB in round R)?	Please see amended sections 7 & 8 of IM attached as Annexure B.
263.	<p>Clause 3.5 (Pg-21)</p> <p>Please clarify “A bidder who is a New Entrant in a particular Service Area will be required to bid for a minimum of 4 blocks each of 1.25MHz in each service area”</p> <ul style="list-style-type: none"> • In any round, if the new entrant wants to increase its bid, confirm that the new entrant has to increase the bid across all 4 blocks • However, can the bid for 5th slot be at a price higher than the 4 bids (in the scenario when he was a PWB in the previous round and decides not to increase the bid for the 4 slots?) 	Please see amended sections 7 & 8 of IM attached as Annexure B.
264.	<p>Clause 3.5 (Pg-21)</p> <p>In the pre-bid conference, it was suggested by the auctioneer that in the event that a New Entrant wins less than 4 blocks in the 1800MHz Auction in a service area, and if in that service area either no top-up blocks are available or are not sufficient to serve the demand for 4 blocks, the new entrant will not be allotted any spectrum in that service area. Is this correct?</p>	Please see amended sections 7 & 8 of IM attached as Annexure B.
265.	If in any round R, new entrant wins less than 4 (n) blocks and either no top is available or top up supply is less than the demand from new entrant (n-4), will he be declared PWB for slots less than 4 or will he not be declared as PWB at all for that round?	Please see amended sections 7 & 8 of IM attached as Annexure B.
266.	<p>Clause 7.3.9</p> <p>IM states that “Top-up facility will be applicable for each Clock Round and subject to a top-up of a maximum of Three Blocks for each Service Area”. Please explain what would this imply? –</p>	Please see amended sections 7 & 8 of IM attached as Annexure B.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> • Will the supply for that round will be treated as base 8 blocks + top up supply released in that round? • To calculate price increment for next round, how will the excess demand be treated? • Please explain with a worked example 	
267.	<p>In the pre-bid conference, it was suggested by the auctioneer that top-up blocks released in any round in a service area will not count towards “Available Spectrum” while calculating “Excess Demand”. This appears to make the concept of Top-up Blocks virtually redundant since the very fact that top-up blocks are being used in any particular round implies that there is Excess Demand. Hence, the auction will only end when demand for top-up blocks is 0. If this is case, what is the logic of having Top-up blocks in the auction? How will top up spectrum ever be allocated?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
268.	<p>Please provide worked-out illustration of the circumstances under which the Top-up blocks will actually get awarded</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
269.	<p>Clause 7.3.6, Page 51/52</p> <ul style="list-style-type: none"> • It was suggested by the auctioneer in the pre-bid conference that the Bidders will be ranked and not the Bids. Please confirm. • If this is the case, we request you to make the language consistent across the auction rules description since they currently seem to use Bids and Bidders interchangeably. Somecriteria covered in 7.3.6 mention Bids being ranked 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
270.	<p>If Bidders are ranked, then please explain the following statement in the auction rules (Page 52) – “When the Service Area that has n blocks available, the first n bids according to this ranking will be declared to be the Provisional Winning Bids for that Clock Round.”</p> <ul style="list-style-type: none"> • Consider a scenario where a service area has 8 blocks available, and 	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>2 New Entrants submit bids for 4 blocks each. No other bids are received in that round. Will these bids be ranked 1 and 2, or will they be ranked 1-4 and 5-8 respectively?</p>	
271.	<p>If Bidders are ranked, is it the case that if an Existing Player submits bids for 1 slot for a service area in round R and in later rounds increased the bid to 2 slots, both bids will have the same ranking? Is this in consistent with the ranking rule (“Bids submitted in earlier round take precedence”) as specified in section 7.3.6</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
272.	<p>Bid submission by a Provisional Winning Bidder</p> <ul style="list-style-type: none"> • The IM states that “If the Clock Round Price of Current Clock Round R+1, is GREATER than the Clock Round Price of previous Clock Round R...the bidder can bid for Any/ ALL the blocks depending on their respective categorisation for that particular Service Area.” In this context consider the following alternate scenarios: <ul style="list-style-type: none"> o Scenario 1: An Existing Player is a Provisional Winning Bidder in a service area for one block in Clock Round R, and wants to raise its bid (for one slot only) to Clock Round Price of Round R+1 o Scenario 2: An Existing Player is a Provisional Winning Bidder in a service area for one block in Clock Round R, and wants to bid for one additional slot (without raising its bid from the previous round) <p>How would the bidder and the auction software distinguish between the 2 choices?</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
273.	<p>In Scenario 2 in the example above, how will the Provisional Winning Rank of this Bidder be impacted. Will it have 2 different</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	provisional winning ranks for the 2 slots?	
274.	This question was asked in the pre-bid conference and we were told that in case an existing player has one provisional winning bid in the previous round and bids for one slot in the next clock round, it will always be taken as bidding for an additional slot. If this is the case, then a bidder who is consistently bidding for (and wants to win) only one slot and always matches the clock round price may end up winning up two slots if the auction closes with demand in the last round less than supply. Please clarify this with worked example?	Please see amended sections 7 & 8 of IM attached as Annexure B.
275.	<p>Price Increments</p> <ol style="list-style-type: none"> 1. Please clarify the intent behind causing a price increment when Excess Demand is 0? Because the provisional winning bidders are not guaranteed to win in the next round if the auction closes, this will lead to price escalation when demand matches supply. 2. If price escalation is required because of the auction design, is it possible to keep this increment to a nominal value so that price escalation in the absence of Excess Demand is limited? 	Please see amended sections 7 & 8 of IM attached as Annexure B.
276.	Since the block size in the 1,800/ 800MHz spectrum auction is 25% of the block-size in the 3G auction, should the price increment also not be accordingly scaled down?	Please see amended sections 7 & 8 of IM attached as Annexure B.
277.	<p>Auction Rules and procedures</p> <ol style="list-style-type: none"> 1. In the pre-bid conference, it was suggested by the Government that a revised draft of the auction rules with worked out examples will be published at the earliest opportunity, followed by a focused session on the auction rules in advance of the publication of the NIA. Please confirm. 2. Since the auction rules as published in the NIA will form the basis of 	<ol style="list-style-type: none"> 1. Please see amended sections 7 & 8 of IM attached as Annexure B. 2. NIA will be a legally vetted document.

No.	Query	Response
	<p>participation in the auction, is it possible to ensure that the language is consistent and the drafting of rules vetted by a legal expert?</p> <p>3. Will any third-party audit of the auction software be carried out in advance of the auctions to ensure that the software faithfully represents that auction rules, as described in the NIA?</p>	<p>3. Yes.</p>
<p>278.</p>	<p>Clause 4.5 Page No. 31-32 (Spectrum usage charges):</p> <p>In clause no. 4.5, the Government has stated “For the purpose of calculation of spectrum usage charge, there shall be a minimum AGR which shall be not less than 5% of the bid amount. The calculation of spectrum usage charges shall be on the basis of minimum AGR or the actual AGR whichever is higher.”</p> <p>Please provide the clarity over the minimum license fee which the operators will have to pay?</p>	<p>As per license terms.</p>
<p>279.</p>	<p>Clause 4.5 Page No. 31-32 (Spectrum Usage Charges)</p> <p>The Spectrum Usage charges for the auctioned spectrum have been proposed as an escalating rate from 3-8% depending upon the total spectrum held by the operator.</p> <p>a) From the plain reading, it appears that the spectrum being allocated through auction will not be included along with the administratively allocated spectrum for determining the slab for payment of Spectrum Usage Charges. Please clarify if our understanding is correct?</p> <p>If No, The position taken by DoT with regards Spectrum Usage Charges is in complete contrast to its press release dated 31st Oct 2008, the recommendations of TRAI dated 23rd Apr2012, the policy adopted during</p>	<p>SUC slabs/ rates will be as per Government decision from time to time.</p>

No.	Query	Response
	<p>the 3G/ BWA auction and international best practices.</p> <p>DoT vide its Press Release dated 31st Oct, 2008 on “DOT Stand on access service licensing” had stated on record that: “In case spectrum is auctioned, it would not have been possible to charge the higher spectrum usage charges of the order of 2-6% and maintenance and administration cost which is typically of the order of 0.5% to 1% could be recovered in a judicial manner.”</p> <p>TRAI vide its recommendations dated 23-04-2012 also stated the following w.r.t. Spectrum Usage Charges:</p> <p>“3.152 The Authority is of the view that once spectrum is obtained through an open auction, the other charges should not have any further element of collecting the rent for assignment of spectrum. Any such charge should be only to cover the administrative costs attendant with resource management. As all spectrums in future shall be acquired through auction, the Authority would like the Spectrum Usage Charges to be minimal at 1% of the Adjusted Gross Revenue. The guidelines for Unified License already stipulate that only the revenue accrued through wireless services shall be taken into consideration for the purpose of levy of Spectrum Usage charges.</p> <p>3.153 In respect of licensees who have a mix of administratively assigned spectrum and spectrum acquired through auction, the principle for levy of Spectrum usage charges shall be on lines similar to the 3G spectrum i.e., the spectrum holder will continue to pay the SUC as applicable on the spectrum acquired through administrative process. However, in their case, the AGR will be the total AGR earned through spectrum acquired through auction and administratively acquired spectrum. In the event the spectrum holder, who is in category 2 or 3 pays the current auction determined price for the spectrum that is administratively assigned, then it will be entitled to the payment of Spectrum usage charges at the rate of 1% of the AGR.”</p> <p>If DoT includes the spectrum being allocated through auction for determining</p>	

No.	Query	Response
-----	-------	----------

the slab for payment of Spectrum Usage, this would lead to a situation where both the new and existing operators pay the same one time charges determined via auction; but an existing operator having an existing revenue stream would be required to pay 1-2 % extra on the existing revenue stream (from the existing spectrum) in addition to 5-8% on the revenue generated from the spectrum allocated via auction. On the other hand, the new operator with no revenue stream would be required to pay only @3-4% on the revenues earns during the spectrum allocated via auction. The table below compares the difference in cost of ownership of spectrum between new and existing operator:

Charges	New Operator	Existing Operator
One time charges for spectrum determined through auction	Same	Same
Additional Spectrum Usage Charges on revenues from the existing spectrum	Nil as the new operator has no existing AGR	1% of existing AGR in case the operator is allocated 1 block of 1.25 MHz 2% of existing AGR in case the operator is allocated 2 blocks of 1.25 MHz
Spectrum Usage Charges on revenues from the Spectrum allocated via auction	3-4%	5-8%

No.	Query	Response
	<p>The escalating spectrum Usage Charges for the Spectrum obtained by auction lead to wide variation in the total cost of ownership of spectrum being allocated through this auction between the existing operators vis-a-vis the new entrants (operators)</p> <p>b) Additional spectrum usage charge on the revenues earned using the existing spectrum (as indicated at 'B' in table above) would tantamount to imposition of additional cost only on the existing operators. In many cases, it would be substantial as compared to the reserve price. Therefore, DoT should clarify the reasons for such discrimination between the new entrant and existing operators?</p> <p>c) To remove the discrimination on account of "Additional Spectrum Usage Charge on revenues from existing spectrum"(as indicated at 'B' in table above), we would suggest non-inclusion of quantum of spectrum allocated via auction for the purpose of determination of slabs for the Spectrum Usage Charge. Please confirm?</p> <p>d) Does this discrimination between the existing and new operators, by making the same spectrum available to existing operators at much higher cost (as indicated in table above), entail failure of market mechanism and disincentivize the existing operators from bidding in the auction?</p>	
280.	<p>Clause 4.5 Page No. 31-32 (Spectrum Usage Charges)</p> <p>The Clause states that: "A spectrum usage charge in addition to the spectrum auction price as a percentage of the Adjusted Gross Revenue (AGR) shall be payable by the successful bidder as per the rates notified by the Government from time to time. The present spectrum usage charges are mentioned below:</p> <p>A new operator bidding for spectrum in 1800 MHz is required to pay a minimum Spectrum Usage charges @4% for 5 MHz spectrum allocated via auction, while a CDMA operator having 5 MHz of spectrum</p>	<p>SUC slabs/ rates are as per Government decision from time to time.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>is required to pay @ 3%.</p> <p>In a technology neutral environment, we would request DoT to clarify why the Spectrum Usage Charges for operators having spectrum in 800 MHz kept at a lower percentage as compared to the GSM operators having Spectrum in 1800 MHz for same amount of spectrum held?</p>	
281.	4.5	<p>Please refer clause 4.5, kindly confirm that spectrum usage charges are for 1800/900/800 MHz and not specifically for GSM/CDMA?</p> <p>It is clarified that the rates indicated for GSM pertains to 900MHz & 1800MHz bands and rates for CDMA pertain to 800MHz band.</p>
282.	<p>Please confirm that the proposed spectrum usage charges is being equally applied to all existing and new entrants and the DoT proposal is line with current legal situation in this regard.</p>	<p>SUC slabs / rates are as per Government decision from time to time.</p>
283.	<p>Spectrum Usage Charges</p> <p>TRAI has recommended (para 3.152) that once spectrum is obtained through an open auction, the other charges should not have any further element of collecting the rent for assignment of spectrum. Any such charge should be only to cover the administrative costs associated with resource management. TRAI accordingly recommended a uniform spectrum usage charges at 1% AGR (later revised to 3%). Uniform spectrum charges were also recommended in 2009 by the high level committee set up by DoT. The said Committee stated that the escalating rate approach is only appropriate to discourage substitution of physical infrastructure by spectrum when spectrum is assigned based on administratively determined subscriber thresholds. Once the value is being determined through an auction mechanism, there is no rationale for continuing with an escalating charge approach. In addition, an escalating charge approach is unsuitable when there is an auction. In an auction, the bidder would factor in both the upfront fee payable through the auction as well as the recurring usage charges. If usage charges were to be different at different levels of</p>	<p>SUC slabs/ rates are as per Government decision from time to time.</p>

No.	Query	Response
	<p>spectrum holding the entire auction process would be compromised. A person paying a higher usage charge on account of holding a larger block of spectrum prior to the auction would be compelled to place a lower upfront value for the bid and will not have a level playing field in bidding. Under these circumstances, it would be incorrect to determine the winning bidder only on the basis of the auction price. Therefore, once an auction approach is introduced for spectrum allocation, in order to ensure that all bidders compete and bid on equal terms, spectrum usage charges must be prescribed at a flat / uniform level so as to ensure level playing field in the bidding and allocation of spectrum.</p> <p>In view of the above, what then, is the basis and justification for the Government to go against both the statutory Regulator and its own high level committee and continue with escalating charges?</p>	
284.	<p>In the event that an escalating charges approach is continued with, the spectrum usage charges paid by respective bidders must form a constituent of determining the final winning bid. If this cannot be done, the spectrum charges must be applied at a uniform rate to all bidders?</p>	No.
285.	<p>Associated Policy issues6.0</p> <p>Will the guidelines on spectrum sharing - price, spectrum charges, quantum, bands, duration, etc. form part of the NIA?</p>	<p>Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.</p>
286.	<p>When will DoT announce spectrum sharing guidelines?</p>	<p>Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
287.	Request confirmation whether spectrum sharing/ transfer shall be allowed. If so then please specify the timeframe and procedure for the same.	<p>Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is/ has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.</p> <p>At this stage, sale or transfer of the spectrum is not allowed as per Government Policy.</p>
288.	Please clarify the spectrum sharing policy for the 1800 /800 MHz auction.	Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.
289.	NTP 2012 has stated that licensing strategies would aim for efficient usage of networks through sharing of active and passive infrastructure. The bidding party needs to understand the details on spectrum sharing to take a considered decision on auction. In view of the same, please clarify the spectrum sharing policy for the 1800 /800 MHz auction.	Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.
290.	Request confirmation whether spectrum sharing/ transfer shall be allowed.	Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.
291.	<p>Generic Issues</p> <p>DoT has mentioned about Spectrum trading and hoarding but no mention is made on Spectrum sharing. Please indicate if sharing of spectrum is allowed. In case it is allowed will it be for spectrum acquired through auction only or will the operator be allowed to share the already allocated spectrum as well as the spectrum acquired through auction.</p>	Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.

No.	Query	Response
292.	<p>Clause 4.3 Page No. 29 (Prospective New Entrants):</p> <p>The clause 4.3 of IM mentions that “... a Prospective New Entrant who is pre-qualified for the auction or is declared a Successful Bidder shall obtain a Unified / UAS License without spectrum.”</p> <p>Therefore, we request DOT to kindly provide responses to the queries below: What are the terms and conditions for the proposed “Unified License”? What are the terms and conditions for the proposed “UAS License without Spectrum”? Will there be any difference in scope of services between the present UASL, UASL (without spectrum) and Unified License?</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p>
293.	<p>Others</p> <p>a) Charging for excess spectrum of existing operators (prospective and retrospective) effect?</p> <p>b) What will be the basis for the Reserve price for future auctions in these spectrum bands?</p> <p>c) Applicability of broad guidelines on sharing of 2G spectrum (800/900/1800 MHz bands) that was announced by the Government on 15th Feb 2012. The said decision explicitly mentions that “Spectrum sharing will not be permitted among licensees having 3G spectrum”, therefore whether the same will be applicable in case of technology neutral spectrum acquired through the proposed auction?</p> <p>d) Can a spectrum winner who obtains a Unified License share the infrastructure of any other licensed entities including NLD/ILD/ISP/VSAT licensees?</p> <p>e) As the Guidelines for Unified License and or UAS license without spectrum are</p>	<p>a) & b) Decisions are yet to be taken.</p> <p>c) To f) Guidelines for spectrum sharing have will be issued in due course.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>yet to be framed, will it not be appropriate to provide an opportunity to the participants to have the queries answered on these Guidelines as they are a vital documents for this auction?</p> <p>f) Can the spectrums acquired through these auctions be hypothecated to raise finances? If yes, are financial institutions, in case of default, free to confiscate such spectrums and sell these spectrums to any entity to recover the dues? Will this require any Government concurrence?</p>	
294.	<p>At the BWA auction it was specified that operators will be able to provide services as per the license taken by the operator. Accordingly, an ISP license holder with current allocation of BWA spectrum linked to his ISP license cannot provide voice using that spectrum. Please confirm that any such operator wanting to do voice now would have to necessarily participate and acquire spectrum in 1800/ 800 MHz auction and take anew Unified License/ Unified Access license without spectrum.</p>	<p>Any entity not holding the UASL/ CMTS license would have to participate in the auction as a new entrant. The UL (Access Services) would be without spectrum. The services which could be provided using the spectrum assigned through this auction process would be governed as per UL (Access Services) license terms and conditions.</p>
295.	<p>Assuming correct application for Unified License or Unified License without spectrum, kindly confirm as to how much time would DoT take to allot the same. How does DoT plan to ensure that license is assigned within defined time frame and no unrelated reasons are assigned for issuance of such license.</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
296.	<p>Please confirm whether, an earlier holder of quashed license (s), who has won the auction, would be allowed to continue operations, in case of delay in issuance of Unified license/ UASL license without spectrum.</p>	<p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p>
297.	<p>2.5.1 (12)</p> <p>As per IM any entity who is not an existing telecom licensee in any service area can participate in both the 1800 MHz and 800 MHz auctions in that service area, as long as it gives an undertaking to obtain a UAS /</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Unified License as a new entrant. Logically, if a new entrant can acquire both the spectrum bands in the upcoming auctions, there is no reason why an existing holder of 1800 MHz spectrum cannot bid for 800 MHz spectrum as a new entrant. Clause 2.5.1 (12) states as under –</p> <ol style="list-style-type: none"> 1. Companies covered under exception under condition no. 1.4 of UASL may be permitted to bid only for the spectrum band which they currently hold. 2. Other Companies holding spectrum either in 900/1800 MHz or 800 MHz band may be permitted to bid only for the spectrum band which they currently hold. 3. Companies holding spectrum in 900/1800 MHz and 800 MHz band may be allowed to bid for both the bands.” 4. The above extract seems to suggest that a current holder of 1800 MHz in a service area cannot participate in 800 MHz auction in the upcoming auction and vice versa. Our understanding is that this limitation or restriction applies to the companies holding 900 / 1800 MHz spectrum to participate in 800 MHz auction as existing operators. However, a holder of 900 / 1800 MHz should be permitted to participate in the 800 MHz auction as a “new entrant” like anyone else who does not hold either spectrum band today. Please confirm. 	
298.	Please confirm that the new Unified license / Unified license without spectrum would continue to have license fee (% to AGR terms), similar to current regime (7, 8 and 9%) or would it have a uniform 8% license fee.	As per applicable License Fee prescribed by Government from time to time.
299.	Kindly confirm that in order to maintain continuity of services to the customer, the holder of quashed licenses who does not	No. For provisioning/ delivery of service(s) to customers/ subscribers, licensee requires its own infrastructure, which includes

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	succeed in auction in a particular service area would be allowed to avail of roaming services from other operators in same service area, after obtaining a Unified License.	spectrum also.
300.	Please clarify the details/ guidelines and terms & conditions for obtaining the 'Unified License' or 'Unified access service license without spectrum'.	Please refer to amended clause 2.5.1 at Annexure A.
301.	Assuming correct application for Unified License or Unified Access License without spectrum, kindly confirm as to how much time would DoT take to allot the same. How does DoT plan to ensure that license is assigned within defined time frame and no unrelated reasons are assigned for delay in issuance of such license.	<p>The successful bidder shall have to apply and meet the requirements for obtaining UL (Access Services) in a timely manner.</p> <p>Continuance of operations shall be permitted in accordance with the Supreme Court directions.</p>
302.	Please confirm whether, an earlier holder of quashed license (s), who has won the auction, would be allowed to continue operations, in case of delay in issuance of Unified license / UASL license without spectrum.	<p>The successful bidder shall have to apply and meet the requirements for obtaining UL (Access Services) in a timely manner.</p> <p>Continuance of operations shall be permitted in accordance with the Supreme Court directions.</p>
303.	Kindly confirm that in order to maintain continuity of services to the customer, the holder of quashed licenses who does not succeed in auction in a particular service area would be allowed to avail of roaming services from other operators in same service area, after obtaining a Unified License.	No.
304.	<p>From the IM it is not coming out very clearly whether Foreign Entities could participate directly in the auction like in the case of BWA. We request DOT to consider participation of foreign entities directly and lay out clear terms of participation of foreign entities directly.</p> <p>However some of clauses in the IM mention that a foreign entity may directly participate in the 2G Auction Process under the category of "New Entrant" (without having to incorporate a company in India at the time of bidding for spectrum). Please clarify</p>	The Government is considering allowing foreign entities to participate in the auctions.

No.	Query	Response
	<p>whether a foreign entity can directly participate in the upcoming auction and also clarify the timelines within which the foreign entity is required to incorporate the company in India. As we understand in terms of the policy of the Government, the license and the spectrum are delinked; therefore, the requirements in relation to formation of an Indian Company can be fulfilled by the foreign entity prior to applying for the Unified License.</p>	
305.	<p>Clauses 1.1.3 and 4.1 – Eligibility Criteria to participate in the Auction</p> <p>Clause 1.1.3 of the IM on Eligibility Criteria mentions that a new entrant needs to acquire a Unified License upon his winning the spectrum and has to furnish an Undertaking in this regard. Further, the clause mentions that ‘A Unified License (UL) can only be awarded to an Indian Company as per extant guidelines’. Please clarify:</p> <p>Whether the Guidelines for Unified License (National level as well as Service area level) along with the draft Unified License Agreement be published before the new entrant furnishes an Undertaking to obtain such license with the application for participation in the Auction, in order to take an informed decision?</p> <p>The draft format for such Undertaking mentions at various places ‘Undertaking to obtain UAS/Unified License. Kindly, edit the Format appropriately that Unified License is to be obtained and not UAS license, which as clarified in the Pre-bid Conference is not to be issued.</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p> <p>Will be addressed in the NIA.</p>
306.	<p>2.5.1 Unified License – Key Features</p> <p>How shall the net worth of an applicant for Unified License be calculated? Will operating losses and debt be taken into consideration for computation of the net worth?</p>	<p>Please refer to amended clause 2.5.1 in Annexure A.</p>
307.	<p>2.5.1 Unified License – Key Features</p> <p>Will an applicant who has an ongoing</p>	<p>Yes.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	operation pursuant to the quashed licenses, be required to meet the prescribed net worth requirements for Unified Licenses?	
308.	2.5.1 Unified License – Key Features Is the 100 crore mentioned in 2.5.1 (12) (ii) cumulative for all circles (except J&K and NE) or is it per circle?	Please refer to amended clause 2.5.1 in Annexure A.
309.	4.6 Adjusted Gross Revenue (AGR) Will the final decision of the courts in the present AGR dispute be applicable to the AGR under Unified License?	As per government decision from time to time.
310.	We understand through media reports, that the Reserve Bank of India (RBI) has allowed mobile operators to mortgage spectrum with banks and financial institutions to raise funds subject to a set of conditions that would have to be incorporated in the tripartite agreement that is entered into by the licensor (the government), licensee (private operators) and the lender (bank or financial institution). We also understand through media reports, that Financial services secretary Mr. D.K. Mittal has written a letter to the DoT Secretary Mr. R Chandrasekhar about the changes to be made in the TPA. We request that the DoT to confirm: Whether conditions required by RBI to be incorporated in TPA have been incorporated and also whether mortgage of spectrum has been allowed? Will the draft of the Unified License containing the revised clause on the TPA be available well in advance of the final date of application for participation in auction, so that we have ample clarity of the provisions which will allow a winning bidder to raise funds through mortgage of spectrum?"	i. Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired through auction. ii. Amended TPA will become part of Unified License.
311.	1.1.3 When will the guidelines / draft for the Unified License be available? What will be the terms & conditions, including license fee, applicable to such license?	Please refer to amended clause 2.5.1 at Annexure A.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
312.	<p>2.5.1 Sub Clause 12</p> <p>The sub clause (vi) and (vii) of the additional guidelines for spectrum assignment associated with Unified License are not relevant as no unified license will be holding either of 900 or 1800 or 800MHz spectrum at the time of auction. Please clarify the meaning of these sub clauses under such additional guidelines meant for Unified License?</p>	<p>Please refer to amended clause 2.5.1 at Annexure A.</p>
313.	<p>Payment Methodology 5.5</p> <p>It is mentioned that the full upfront payment of the spectrum to be made within 10 days of closing of e-auctions. If for any reason, a new entrant is not able to obtain a Unified License; will this spectrum payment be refunded?</p>	<p>In case neither the Successful Bidder nor any of its Associated Licensees has the relevant service license for a service area where it has been declared a Successful Bidder, it must apply for, or otherwise acquire the relevant service license in the service area in accordance with the terms of the Notice (NIA), failing which the Government shall have the right to revoke the spectrum or curtail the period of validity of the spectrum allocation.</p> <p>Completion of formalities relating to grant of licenses and allocation of spectrum is expected to be completed within 40 days from the date of conclusion of auction.</p> <p>If at any stage, the spectrum allocation is revoked, withdrawn, varied, surrendered or curtailed no refund will be made.</p>
314.	<p>Section 4.4 Page No. 30-31 (Roll-out obligations)</p> <p>DoT may kindly clarify that no separate testing will be required for meeting the additional roll outs in case the existing operator has already covered the desired percentage of Block Headquarters as a part of DHQ based testing?</p>	<p>Reference is invited to Para 4.4.1.2 which clearly indicates that the incumbent licensee may offer coverage of block headquarters already achieved. Hence, testing of the coverage already achieved will be carried out by DoT as per prescribed schedule/procedure. However, the coverage of the BHQs in the rollout obligations prescribed in the IM will be over and above the DHQs/towns covered as part of the existing rollout obligations requirement mentioned in the UASL.</p>

No.	Query	Response
315.	<p>Section 4.4 Page No. 30-31 (Roll-out obligations)</p> <p>Since the official list of BHQ which is to be relied upon is not enclosed with IM, will DoT publish the service area wise list of BHQs existing in the country along with NIA, in order to avoid any ambiguity/dispute at a later stage?</p>	<p>The list of Block Headquarters (BHQs) will have to be obtained by the successful bidders from the respective State Governments/ Administrations.</p>
316.	<p>Clauses 1.1.6 and 2.4 – Technology</p> <p>On the issue of deployment of technology, a view was expressed that prior approval of DoT for deployment of the technology is required to ascertain whether the technology deployed is approved by ITU/TEC or any other International Standards Organization/Bodies/Industry and also to frame Guidelines for testing and verifying the compliance of roll out obligations. In this context, it is submitted that the roll-out obligations are defined in the Information Memorandum and other prevailing licenses with respect to the coverage which as such does not have any linkage to the technology deployed by the operator. Thus, kindly clarify that in case, an operator chooses to shift to a newer technology during the tenure of its spectrum holding, will there be any new roll-out obligations apart from the roll-out obligations attached with the allocation of spectrum? If yes, what such obligations are?</p>	<p>There are no restrictions on the technology to be adopted for providing services within the scope of the service license. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/ Industry.</p> <ol style="list-style-type: none"> <li data-bbox="943 1020 1352 1178">i. Prior intimation to DoT in respect of technology being used is necessary for prescribing the rollout test schedule/ procedure. <li data-bbox="943 1178 1352 1493">ii. In case of change of technology, no testing may be required subject to the following: Coverage, provisioning, delivery, quality and continuity of services in the network deployed with earlier technology are not disturbed. <li data-bbox="943 1493 1352 1650">iii. Licensee may be required to submit the test reports as per test schedule/ procedure to the licensor who may also carry out sample verification. <li data-bbox="943 1692 1352 1877">iv. For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		not cause harmful interference to the already operating technologies either in the same band or in the adjacent bands.
317.	<p>4.4.1 Roll-out obligations for Spectrum in 1800MHz and 800MHz Band</p> <p>Regarding meeting the newly proposed block level rollout obligations through coverage already achieved by incumbents in Point 4.4.1.2 (iii), the same should be applicable to an applicant which currently holds a quashed license and is then successful in acquiring spectrum in the same service area though the auction.</p>	<p>The clauses on roll out obligations are clear with respect to setting up of a base station in the block headquarter for meeting the coverage criteria which then shall be offered for testing.</p>
318.	<p>4.4.1 Roll-out obligations for Spectrum in 1800MHz and 800MHz Band</p> <p>Will the roll out obligations be covered with the Performance Bank Guarantee amounts? If yes, we request information on what are these amounts/ slabs?</p>	<p>Performance Bank Guarantee amount shall be prescribed in the NIA.</p>
319.	<p>Clause 2.4 Page No. 21 (Technology):</p> <p>TRAI in its recommendation on “Auction of Spectrum” dated 23-04-2012 has stated that the operators required a block of at least 5 MHz for a liberalized/technology neutral use in the following words.</p> <p>“All spectrums to be auctioned in future will be liberalised spectrum, and therefore the block size should be such as to satisfy the needs of any technology. 5 MHz is the minimum amount of spectrum required to ensure that any technology can be deployed with the allocated spectrum....”</p> <p>Therefore, based upon the following recommendation, TRAI in its response to DoT dated 12-05-2012 has reduced the reserve price of 800 MHz band from 2 times to 1.3 times (a discount of 35%) the reserve price of 1800 MHz band as the spectrum being put up for auction is less than 5MHz.</p> <p>“In respect of 800MHz, the amount of spectrum available for auction in some Circles is less than 5MHz. As such, it is not possible with this spectrum, to offer all</p>	

No.	Query	Response
	<p>services that a truly liberalised spectrum can. Therefore, the Authority would be open to the Government fixing the Reserve price of 800 MHz spectrum at 1.3 times the 1800 MHz reserve price. This is only where 5 MHz spectrum is not being made available....”</p> <p>DoT is requested to clarify the following;</p> <p>a. It is proposed to allocate a maximum of 2.5MHz of spectrum in 1800MHz band to an existing operator which is less than 5 MHz, will DoT not consider giving the same discount of 35% on the price of spectrum in 1800 MHz band to the existing operators as has been done for the spectrum in the 800 MHz band?</p> <p>b. It is presumed that the existing operators are allowed to use the additional spectrum allocated through this auction to deploy any technology in their network such as LTE/LTE Advanced/3G etc. by combining with their existing spectrum. Request DoT to confirm?</p>	<p>a. No.</p> <p>b. No. Any such usage would require existing spectrum to first be liberalised.</p>
320.	<p>Clause 2.4 Page No. 21 (Technology):</p> <p>The guidelines dated 3rd July, 2012 issued by DoT firmly state “The spectrum to be assigned shall be liberalised. In other words, spectrum in any band can be used for providing any service within the scope of respective service licenses using any technology”</p> <p>The clause 2.4 of this IM, on Technology states: “There are no restrictions on the Technology to be adopted for providing services within the scope of the service license. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/Industry.”</p> <p>a. Please clarify if the term 'Liberalisation' as per the 3rd Jul, 12 guidelines and 'No restriction on</p>	<p>a. Only the spectrum allotted through this auction is considered liberalized spectrum.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>technology to be used' as per IM dated 27th Aug, 12 are the same and interchangeable?</p> <p>b. Since, the choice of technology is at the discretion of the operator, DoT may kindly clarify that no artificial conditions will be imposed upon the operators with respect to use of any technology?</p>	<p>b. Spectrum allotted through this auction is liberalised. However, for use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should not cause harmful interference to the already operating technologies either in the same band or in the adjacent bands.</p>
321.	<p>1.1.5 Spectrum to be auctioned</p> <p>a. The spectrums allocated through Auctions can be utilised for any service within the scope of respective service license held or to be obtained by the winner of the spectrum using any technology. This implies that these spectrums are liberalised. However, the spectrums proposed to be auctioned are in the block size of 1.25MHz. Will this spectrum be assigned as continuous blocks of 5MHz to the new entrant on winning of spectrum or discrete blocks of 1.25MHz each will be assigned?</p> <p>b. If four blocks of 1.25MHz each are assigned to the new entrant, it will enable the company to provide all services using any technology including WCDMA systems. However, the existing players will not be able to use these spectrum blocks for WCDMA systems while paying the same amount for each block as the new entrant. This may lead to litigation and jeopardize the whole process. How the Government proposes to address this issue?</p>	<p>a. In some of the service areas, contiguous 4 blocks each of 1.25 MHz (paired) are not available. However, efforts shall be made to allot contiguous block of 5 MHz to the new entrants subject to availability of such contiguous blocks.</p> <p>b. This can be done after existing spectrum held is liberalized.</p>
322.	<p>Is the auctioned spectrum in 800 MHz band liberalized? As per the policy statement issued by the Hon'ble Minister all spectrum allocated in the future are Liberalized</p>	<p>Only the spectrum allotted through this auction is considered liberalized spectrum.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
323.	Whether existing CDMA operator would be given a choice to liberalize its existing 800 MHz by paying the auction determined price?	Decision in this regard is under the consideration of the Government.
324.	How the operator will ensure use of liberalized and non-liberalized spectrum when both the spectrum is going to be used in the same network and may be for the same service?	Only the spectrum allotted through this auction is considered liberalized spectrum.
325.	We presume that spectrum sharing will be allowed amongst holders of liberalized spectrum, without any constraints on the quantum of spectrum held by the sharing entities and also no limit on the time frame for which spectrum can be shared ? Kindly confirm.	Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.
326.	<p>Section “Important Notice” Page 2:</p> <p>Vide the section, the following has been conveyed:</p> <p>“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.</p> <p>While the information contained in the Memorandum has been prepared in good faith, no representation or warranty, expressed or implied, is or will be made as to the reliability, accuracy or the completeness of any of the information contained herein.”</p>	<p>The final binding document will be the Notice Inviting Application.</p> <p>Provision for seeking clarifications will</p>
	<p>a) In order to enable the bidders to take an informed decision, the response to the queries pursuant to IM and the Notice Inviting</p>	

No.	Query	Response
	<p>Applications (NIA) should be binding. Please confirm our understanding?</p> <p>As per the auction schedule included in the IM, there will not be any opportunity available to the prospective bidders for raising any queries post the release of NIA. We therefore request DoT to allow queries post the release of NIA. The timetable for auction should be modified suitably to accommodate the time period for raising queries by bidders pursuant to NIA and DoT's response of queries by the DoT.</p>	<p>be addressed in the NIA.</p>
327.	<p>Clause 6.4 Page 43 (Infrastructure Sharing)</p> <p>The provisions of Infrastructure Sharing had been issued by DoT in Apr, 2008 vide its 'Guidelines on Infrastructure sharing among the Service Providers and Infrastructure Providers' which convey that "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 license shortly."</p> <p>However, the amendment to existing UAS/CMTS license has not happened till date.</p> <p>Clause 6.4 of the IM on Infrastructure Sharing also states that "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 license shortly"</p> <p>Therefore, DoT should clearly indicate by what time the necessary amendments in the UASL/CMTS licensee will be done as it is critical element to take an informed decision during the bidding process.</p>	<p>Amendments to the licenses for active infrastructure sharing, as mentioned in the IM will be issued in due course.</p>
328.	<p>Active and passive sharing are allowed as a policy, however no license amendment has happened on these till date. Please indicate when the license amendment would be issued? It is recommended that the same be done before issue of NIA, so that bidders have clarity on use of Active sharing to plan</p>	<p>Amendments to the licenses for active infrastructure sharing, as mentioned in the IM will be issued in due course.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	for bidding.	
329.	<p>Assignment of spectrum 5.6</p> <p>What are the proposed amendments to the licenses of existing UAS/CMTS licensees in the event that they are successful in the auction? Kindly include the proposed amendments in the NIA?</p>	<p>Existing UAS/CMTS licenses will be amended as per NIA conditions.</p>
330.	<p>Clause 4.1 Page No. 28 (Eligibility criteria to participate in the Auctions)</p> <p>According to Section 4.1.1, the holder of CMTS/UAS license will be treated as “existing players”.</p> <p>The ISP licensees have also been allocated access spectrum in the form of BWA spectrum.</p> <p>All the telecom operators holding any kind of Access Spectrum are being treated as “Existing Player” except the operators whose license has been cancelled pursuant to Supreme Court order dated 02-02-2012. However, the IM has not included the IS licensees holding the BWA spectrum in the category of “Existing Players” despite the fact that they also hold the access spectrum, like the GSM/ CDMA operators, which can be used to provide any kind of Access Services. Thus, an ISP or its associate/subsidiary/ group company holding BWA spectrum, directly or indirectly, should be treated as an “Existing Player” for the purpose of this auction. DoT is requested to kindly clarify the same?</p>	<p>Kindly refer to Annexure C.</p>
331.	<p>Clause 5.6 Page No. 41 (Assignment of Spectrum)</p> <p>Upon receipt of the successful bid amount, the WPC Wing of DoT shall issue a Letter of Intent (LoI) identifying the frequencies to be allocated to the Successful Bidder. The date of issue of LoI shall be taken as the effective date for reckoning the period of 20 years for which the right to use the spectrum has been acquired by the licensee through this auction.</p> <p>a) What if, the allotment of spectrum is delayed after the issuance of the</p>	<p>a) Time taken for compliance of terms and conditions of LoI issued by</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>LOI? Will the operator be compensated for any delay in allotment of spectrum?</p> <p>b) In case, if the full spectrum or a part of it is unusable due to interference then will Government compensate the operators and how?</p> <p>c) Is the spectrum allowed to be pledged to Banks for borrowing and who has the first lien over the spectrum for any dues to Government/creditors etc.?</p>	<p>WPC is the responsibility of the successful bidder.</p> <p>b) No, however, efforts will be made to resolve the interference.</p> <p>c) Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired through auction.</p>
332.	<p>Clause 4.2 Page 29 (Associated Licensees)</p> <p>Bharti Airtel Limited is holding UASL Agreements in 19 service areas and Bharti Hexacom Limited is holding UASL/ CMTS in Rajasthan & North-East respectively. Bharti Airtel Limited is holding ~ 70% equity in Bharti Hexacom Limited directly & Bharti Telecom Limited is holding ~ 45% directly in Bharti Airtel Limited. It means M/s. Bharti Telecom Limited is holding ~ 45% directly in Bharti Airtel Limited and ~ 32% indirectly in Bharti Hexacom Limited. Please confirm whether Bharti Airtel Limited is entitled to participate in the auction on behalf of M/s. Bharti Hexacom Limited under "Associated Licensees"?</p>	<p>Yes, if nominated as Group Bidding Entity.</p> <p>It is clarified that the definition of 'Associated Licensees' given in the IM is for the limited purpose of this spectrum auction process and it does not have any relation with the use of the word 'associate' in UAS/ CMTS licenses.</p>
333.	<p>Clause 11.5.1 [8] Page No. 103 (Ownership details of Associated Licensees)</p> <p>As per clause 8 of the application, ownership details of each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees is to be submitted.</p> <p>Please clarify the date as of which the above details should be furnished.</p>	<p>These details have to be provided as of the date of last audited financial statement but not older than one year from the date of application.</p>
334.	<p>As per 1.1.3.2, "The existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include 'Spectrum', in order to achieve the</p>	<p>Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>objective of funding of telecom projects of the licensee by the Financial Institutions (FIs) / Banks.” – AUSPI request DoT to explicitly mention the time lines for signing such agreements to avoid inordinate delays. Also the draft of the proposed TPA should be provided along with the NIA</p>	<p>through auction. The time lines for signing such agreements would depend upon the completion of requirements of TPA by the successful licensee and agent bank.</p>
335.	<p>4.5 Spectrum Usage Charge</p> <p>a. Please clarify the criteria to decide the applicable Spectrum Usage Charges in case of existing operators. Whether spectrum assigned through this auction will be counted for calculating the slab of the total spectrum holding by an existing licensee for levy of spectrum usage charge? If no, what will be the spectrum usage charges once the existing UAS licensees liberalize their existing spectrum holdings?</p> <p>b. In case of New Entrant in 1800MHz band, please clarify whether the applicable Spectrum Usage Charge will be 3% for 4 blocks and 4% for 5 blocks.</p>	<p>a. The spectrum won through this auction will be added to the already allotted spectrum to the existing operators, to determine the slab for levy of Spectrum Usage Charges.</p> <p>b. The Spectrum Usage Charges are applicable as per the Orders issued by the Government from time to time.</p>
336.	<p>Clarification of Mw spectrum; In the case of quashed licensees, wherein they participate and win in the auction, they should be allowed to operate on same Mw spectrum otherwise even in the change in spots in same band will necessitate change of Mw equipment</p>	<p>These resources are expected to remain unchanged unless any specific situation require a review</p>
337.	<p>As per 1.1.3.2, “The existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include ‘Spectrum’, in order to achieve the objective of funding of telecom projects of the licensee by the Financial Institutions (FIs) / Banks.” – We request DoT to explicitly mention the time lines for signing such agreements to avoid inordinate delays. Also, clarify whether the inclusion of spectrum in TPA will have both; the already allocated spectrum as well as the spectrum that will be obtained through auction.</p>	<p>Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired through this auction.</p> <p>Normally such agreements are executed within 1 month of submission of all necessary documents.</p>

No.	Query	Response
338.	<p>Page 30 (iii) section 4.4.1.2 (ii)</p> <p>Page 30 - (iii) Incumbent licensees may offer coverage of Block Headquarters already achieved in accordance with stipulation in section 4.4.1.2 (ii) above as compliance towards roll out obligation. – Do the existing operators get the TEC certificates for such BHQs from TERM cells or self-certification will suffice. Also, clarify whether it is mandatory to have the BTS physically installed in the BHQ? Can we show the coverage at BHQ level through ICR? If yes, what will be its terms and conditions?</p>	<p>Yes, it is mandatory to have the base station physically installed in the BHQ for the purpose of rollout obligation coverage of the BHQ. The existing operator has to get the test certificates for such BHQs from TERM cells as per test schedule/procedure. Conditions for compliance of rollout obligations are clear that rollout obligations can't be complied using the Intra Service Area roaming arrangements.</p>
339.	<p>5.5 Payment Methodology</p> <p>We assume that, in the case of winning bidders, the DoT will allow deduction of entry fees paid by 2008 licensees for the quashed UASLs? Kindly confirm.</p>	<p>No.</p>
340.	<p>In case of those quashed licensees who are either unsuccessful or who do not participate in the ensuing 2G auction, how will DoT support in porting out subscribers to other licensee(s) in bulk?</p>	<p>Porting of the subscribers would be governed as per regulations/ directions/guidelines issued by TRAI from time to time. However this question does not directly relate to the auction of spectrum.</p>
341.	<p>We presume that any crossholding and / or Associated Licensees restrictions will not be applicable to an applicant whose parent company also is a majority stakeholder in an entity holding the quashed licenses. Kindly confirm.</p>	<p>It has to be kept in view that any legal entity cannot hold 10% or more equity in a licensee company in the same service area.</p>
342.	<p>1.1.3, 3.1, 4.1.1, 11.8 Definitions</p> <p>Various terms like “Existing Player”, “Existing Licensee”, “Existing telecom service provider” and “Existing Operator” have been used in the document. Do they have same or different meanings? Request that the same be clarified.</p> <p>What will be the position of an existing UAS License which does not have any spectrum in the respective service area?</p> <p>What will be the position of an existing UASL licensee that has either 900 or 1800</p>	<p>Please refer to Annexure C of these clarifications.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>MHz spectrum but not 800 MHz in the 800 MHz auction? What will be the position of an existing UASL licensee that has 800MHz but neither 900MHz nor 1800MHz in the 1800MHz auction?</p> <p>Request government to provide more clarity on the type of service licenses that are permitted to use the spectrum being allocated?</p> <p>Will licensees who do not have a UAS/CMTS license, but have say an ISP license, be treated as a new entrant and be required to bid for 4 /2blocks of 1800MHz/800MHz spectrum?</p> <p>What transparent and public process will be used to verify the bona fides of bidding companies?</p>	<p>Please refer to Clause 11.5.1 of the IM.</p>
343.	<p>11.5 (7) and 11.5.1 (application format - Clause 13)</p> <p>Can we get more clarity on which approval of Government for terms of foreign collaboration needs to be certified and submitted?</p> <p>Is it only the approvals for the Group Bidding entity/the applicant to be submitted or also for all associated licensees?</p>	<p>Please see http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf.</p>
344.	<p>Clause 11.5.4&11.5.5 Page No. 109-110, 111 (Joint Undertaking to Nominate Group Bidding Entity & Ownership Compliance Certificate)</p> <p>As per the format of Joint undertaking, 2 "Directors & Authorized Representatives" are required to sign this undertaking on behalf of "Group Bidding Entity" as well as "Associated Licensee".</p> <p>i. Please confirm that the Term "Director & Authorized Representatives" means that the person, who are signing the document have to be on the board of the respective companies?</p> <p>ii. If answer to Q (i) is yes, please confirm whether for the purpose of signing this undertaking, that</p>	<p>i. Yes</p> <p>ii. There should be a Power of Attorney/ Board resolution authorising the concerned person to</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	Director needs any Power of Attorney and / or Board Resolution in his favor?	sign the Application, including the relevant Undertakings etc.
	iii. If answer to Q(iii) is affirmative, please confirm whether said PoA and / or Board Resolution need to be submitted along with the application?	iii. Yes.
	iv. If answer to Q(iii) is yes, please confirm if the Authorised Signatories (Primary & Alternative) can be different from "Directors & Authorized Representatives" and separate PoA for these people is required to be submitted (2 PoA for Authorized Signatories i.e. Primary & Alternative as well as 2 PoA for "Directors & Authorized Representatives" for the joint undertaking)	iv. Authorised signatories are not required to be Primary and alternative Bidders have been provided flexibility to provide for an alternative Authorised Person. There should be Power of Attorney in favor of both the primary Authorised Person and the alternative Authorised Person, if any. Directors & Authorized Representatives of the Applicant company will also be authorised signatories with respect to the Application. There should be Power of Attorney/ Board resolution in favor of each of the authorised signatories.
	Please also confirm whether for the purpose of signing the ownership compliance (11.5.6), the above rules will apply?	Yes
345.	1.1.3 Eligibility Conditions	
	<p>a. Since the participation in the proposed auction is open to all players i.e. Existing Player or New Entrant, the second bullet point should be amended as “Companies eligible for grant of - -- -“ (i.e. removal of bracket mentioning “not an existing licensee” to avoid unnecessary confusion).</p> <p>b. In view of above, please clarify whether all existing licensees (e.g. Basic operators, ISP, VSAT etc.), which are eligible for grant of Unified License (UL) or a Unified Access Service License (i.e. UASL without spectrum) can participate in the proposed auction.</p>	<p>a. Please see Annexure C.</p> <p>b. Please refer Eligibility conditions Clause 1.1.3 of the IM.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>c. In the earlier spectrum auctions of 3G and BWA spectrum, any foreign company was allowed to participate in the auction and acquire an Indian company subsequent to the auction, on winning of the spectrum. Is this condition done away with, in this Spectrum auction of 1800MHz and 800MHz? If yes, why?</p> <p>d. This condition indicate that the Company eligible for grant of Unified License (UL) or Unified Access Service Licence without spectrum (UASL) will be treated as a new Entrant and will have to obtain a UL. In this context, please clarify:</p> <p>i. What are the Eligibility conditions for grant of Unified Access Service License without spectrum?</p> <p>ii. By what time, the detailed guidelines for Unified License are likely to be issued?</p>	<p>c. Please refer to revised section 2.5.1 in Annexure A and Annexure C.</p>
346.	<p>1.1.7 Page 15 of 121</p> <p>As per clause 4.4.1.2 (i) the rollout obligation is linked to effective date of license or date of assignment of spectrum won in the auction process, whichever is later. In this reference, please clarify whether there is any time limit within which prospective bidders that are not existing UAS / CMTS Licensees, are required to acquire a UAS / Unified License?</p>	<p>It is to be kept in view that after completion of auction; licenses are to be issued in a time bound manner as per the time schedule allowed by the Supreme Court. This has to be seen against the possible time required for registering an Indian company with maximum 74% foreign investment.</p>
347.	<p>2.5.1 Unified License- Key Features</p> <p>a. What is the scope of services of a service area Unified License?</p> <p>b. The IM gives only Key Features for Unified License. The absence of Detailed Guidelines creates uncertainty and wrong commercial decisions, apart from being non-transparent. When will the detailed Guidelines for Unified License be issued?</p>	<p>New entrant will be granted a Unified License (Access Services). Also please refer to Annexure A and C.</p> <p>Detailed conditions will be given in NIA.</p>

No.	Query	Response
	<p>c. Under Clause 1.1.3, it is stated that a new entrant who is eligible to obtain a Unified License or Unified Access License without spectrum shall obtain a Unified License subsequent to winning of spectrum. However, Clause 2.5.1 mentions that a new entrant shall obtain a Unified License or Unified Access License without spectrum. These clauses are creating an ambiguity that</p> <ol style="list-style-type: none"> i. Whether a new entrant will be granted a Unified License or UASL without spectrum? ii. If a UAS license without spectrum is to be granted, what are its guidelines? <p>d. How much minimum equity a promoter has to hold in the Applicant Company?</p> <p>e. For counting 10% crossholding, is it restricted to shareholding pattern of shareholders of Applicant Company? If not, upto what level it is to be counted?</p> <p>f. Does the loan or fund given by a company or institution or individual to Applicant Company or shareholders as per answer to above question amounts to equity when no shares have been purchased or proposed to be purchased or transferred?</p> <p>g. Consequent to formation or registration of company promoter cease to exist and becomes shareholder. What is the difference envisaged between the two in present auction process?</p> <p>h. The net worth of promoters with 10% equity is to be counted, does it mean for being qualified as promoter one should have minimum 10% equity in the applicant company?</p> <p>i. As per sub-clause 12(v) of clause 2.5.1, companies can bid only for spectrum band which they currently hold which implies that the existing licensees are debarred from bidding in other bands, is it not</p>	

No.	Query	Response
	<p>against the stated policy of the Government to permit dual technology?</p> <p>j. As per sub-clause 12(vii) of clause 2.5.1, the existing operators having dual technology spectrum are allowed to bid for both the bands i.e. 1800MHz as well as 800MHz, however, the existing licensee who has only GSM spectrum in 900/1800MHz band are not allowed to bid for 800MHz spectrum auction. This amounts to discrimination and non-level playing field. Will it not lead to litigation?</p>	
348.	<p>3.1 Page 26 of 121</p> <p>Please elaborate further on “The allocation of blocks in the 1800MHz and 800MHz band would depend on their respective categorization as an Existing Telecom Service Provider or New Entrant in the respective Service Area”. Does it also mean that in case of the companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will get allocation of blocks in the prevalent spectrum assignment?</p>	<p>Licenses which are slated to be quashed as per the direction of Supreme Court will be treated as New Entrants.</p>
349.	<p>4.4 Roll-out obligation</p> <p>a. Please provide list of block headquarters for all the Licensed Service Areas</p> <p>b. How will the rollout obligation be measured? Are there any prescribed norms?</p> <p>c. Will such measurement norms be dependent upon choice of technology?</p>	<p>a. The list of Block Headquarters (BHQs) will have to be obtained by the successful bidders from the respective State Governments/ Administrations.</p> <p>b. & c. The schedule/procedure for measurement of roll out obligation will be dependent on choice of technology by the licensee. Currently test schedules for GSM/WCDMA and CDMA technologies are available. The licensee will have to inform the choice of technology other than those mentioned above within one month of obtaining the licenses so that the schedule can be prescribed. The licensee will have to continue its roll out of</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		network without linking it with the availability of test schedule/procedure. Rollout coverage testing will be carried out as per schedule/ procedure.
	d. Will the proposed rollout obligation be same for all successful bidders irrespective of number of spectrum blocks acquired in the auction?	d. Yes
	e. The clause 4.4.1.2 (iii) permits incumbent licensee to account for the current rollout towards additional rollout obligation for spectrum acquired in the auction. Please clarify whether	e. Clause 4.4 is self-explanatory.
	i. Rollout in 800/900MHz band (with administrative allocation) can be counted towards rollout obligation in 1800MHz band acquired in the auction?	i to iv The roll out obligation relates to frequency band in which the spectrum is acquired through auction. For this purpose, 900MHzbandand 1800Mhz band will be treated as the same band.
	ii. Rollout in 1800MHz band (with administrative allocation) can be counted towards rollout obligation in 800/1800MHz band acquired in the auction?	v. Operators whose entire spectrum holding in a particular band (900 / 1800 & 800 MHz) is / has been liberalised, would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one time charges payable for liberalizing spectrum currently held would be issued in due course.
	iii. Rollout in 3G/BWA spectrum band can be counted towards rollout obligation in 800/1800MHz band acquired in the auction?	
	iv. Rollout in 800/1800MHz band acquired in the auction can be counted towards rollout obligation in 3G/BWA bands?	
	v. What is the expected time period for Govt. to come out with spectrum sharing recommendations?	
	f. Does govt. plan to allow MVNO services? If so, by what time period does govt. plan to allow MVNO?	f. NTP 2012 provides for introduction of MVNOs. However, decisions in this regard will be taken in due course.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
350.	For current licensees having 4.4 MHz or proposed 5 MHz start up allocation, please confirm the criteria for additional allocation of spectrum in future and the inter-se priority for allocation of the same.	Administrative allotment of spectrum through market determined price is under Presidential Reference.
351.	Pursuant to the Question raised in the Pre-bid Conference on 6th September 2012 and the Press Statement made by the Telecom Secretary on September 7, 2012, Kindly clarify whether an existing ISP licensee holding spectrum in 2300MHz band be treated as an 'existing player' allowed to bid as a 'new entrant' for bidding in the current auction of spectrums in 1800MHz and 800MHz bands, or it will be treated as an all together a 'new entrant'?	Please see Annexure C.
352.	<p>IM is silent on how and in what manner the entry fee paid by the 2008 licensees (whose licenses have been cancelled) will be treated.</p> <p>a. Clarification required:A clarification needs to be issued with regard to the manner in which such license fee will be treated in case an operator whose license has been cancelled, is a successful bidder in the proposed auction.</p> <p>b. Suggestion:We suggest that the total amount paid by the then Licensees, be adjusted in totality against the ensuing amount to be paid by the successful bidder</p>	This question is not directly related to current auction.
353.	<p>Clause 1.1.3.1; page 9-10</p> <p>The information Memorandum (Clause 1.1.3.1; page 9-10) provides that in case a Group Bidding Entity is declared the Successful Bidder in any service area in either of the Auctions, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area, in such a case the Government shall assign the spectrum to the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity that acquires a Unified Licence (UL) in that service area ("Nominee Unified Licensee"). Please clarify whether such</p>	IM provisions are clear.

No.	Query	Response
	<p>assignment by the Government would be as per the discretion of the Government or as per the election by the Group Bidding Entity/ Common Parent.</p>	
354.	<p>Clause 1.1.3.2 (Page 10)</p> <p>Clause 1.1.3.2 (Page 10 of IM) provides that the existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include ‘Spectrum’, in order to achieve the objective of funding of telecom projects of the licensee by the Financial Institutions (FIs)/Banks”.</p> <p>a. Clarification required: There is no clarity on the scope of modification proposed to be carried in TPA and how the proposed modification will help in achieving the object funding without corresponding instructions to the lending institutions by Govt. or the RBI. Some clarification with regard to the scope of modification needs to be issued. It also needs to be clarified as to what instructions are being issued to lending institutions. Time lines for signing such agreements to avoid inordinate delays also need to be mentioned. Whether the inclusion of spectrum in TPA will have both; the already allocated spectrum as well as the spectrum that will be obtained through auction needs clarification.</p>	<p>TPA will become part of Unified License (Access Services).</p>
355.	<p>Generic Issues</p> <p>How the Government is going to address the level playing field between new and existing operators’ vis-à-vis contractual obligation between licensor and licensee?</p>	<p>This question is not relevant for the current auction.</p>
356.	<p>As per 1.1.3, Companies (Not an existing licensee) eligible for grant of Unified License (UL) OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, will be treated as ‘New Entrants’ and will have to obtain a Unified License; - In our case, we are an existing</p>	<p>Please refer to Annexure C.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>UASL in Delhi with CDMA technology spectrum and have paid the requisite amount to DoT under dual technology, but we are yet to receive the start-up GSM spectrum? Though existing licensee, can we participate in auction in Delhi for 4 units of 1.25 MHz each in 1800 MHz band? When will the amount of Rs. 170.7 crores paid to DoT for Delhi GSM spectrum in 2008 be adjusted against this 2G auction in 1800 MHz band in case TTL is allowed to bid for 4 carriers of GSM and is successful in Delhi?</p>	
357.	<p>Given that Active and Passive sharing are allowed and also considering the fact that convergence of technologies and services is taking place, can the existing licensees share their Active RAN? Even in the same circles? This will save costs to operators and can lead to affordable services to customers. When will DoT formalise the active RAN sharing through license amendment.</p>	<p>Amendments to the licenses for active infrastructure sharing, as mentioned in the IM will be issued in due course.</p>
358.	<p>6.4 Infrastructure Sharing</p> <p>We presume that active sharing would be allowed between any licensees whether they have liberalized spectrum or not. Kindly Confirm.</p>	<p>Amendments to the licenses for active infrastructure sharing, as mentioned in the IM will be issued in due course.</p>
359.	<p>It is mentioned that ‘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’.</p> <p>This is not clear and in fact it is contrary to rest of the Clause. The intention seems to be that there could be only one Common Bidding Entity nominated by Associated Licensees and Common Parent. There will be cases where there are different Associated Companies for different service areas and they can nominate and bid through one Common Bidding Entity. Please clarify?</p>	<p>No change in the condition.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
360.	<p>Though the Memorandum has considered Chennai to be part of TN circle, there will however be eligible bidders who presently hold separate UAS licenses for each service area separately in different companies. If both the licenses are by held Associated Licensees and such Associated Licenses have a Common Parent, then the Group Bidding Entity can bid on behalf of both such Associated Licenses, where such bid will be a combined bid of such Associated Licenses. Can the DOT confirm that in such cases one of the two licensees (i.e. either the TN Licensee or the Chennai licensee) through the respective company can be the lead Associated Licensee (party) for the purpose of bidding for TN including Chennai, with no objection and requisite consent from the other licensee/other company to fulfill the respective obligations?</p> <p>In case the Group Bidding Entity becomes the successful bidder, then can the DOT confirm that the Chennai Licensee and TN Licensee will be the Associated Licensees corresponding to Group Bidding Entity for the service area? (i.e. with the spectrum will be allocated for Chennai and TN to respective Associated Company and consequent amendments in the terms and conditions shall be carried out in both the licenses). How will the Net worth be calculated in such cases?</p>	<p>Both the Chennai and Tamil Nadu (excluding Chennai) licensees would be treated as Associated Licensees and therefore would need to give consent in favor of the Group Bidding Entity for bidding in the Auctions. Such UAS/CMTS licensees of Chennai and Tamil Nadu (excluding Chennai) service areas have to submit an undertaking and appropriate Board resolutions that in case the Group Bidding Entity is successful in the Auction for Tamil Nadu, then they have to merge their UAS/ CMTS licenses of Chennai and Tamil Nadu (excluding Chennai) service areas as per DoT letter no. 842-503/2005-VAS/5 dated 15th September, 2005. A copy of the letter is available on the DoT website.</p>
361.	<p>The current auction is in blocks of 1.25 MHz whereas the Spectrum Usage Charging is in the slabs more or less according to sequence of spectrum allocations to an existing operator so far. If a new entrant bids for additional 5th block then for 0.05MHz spectrum it will have to pay 1% higher SUC. There may be similar situation in case of existing players also who may end up getting spectrum marginally over that mentioned in the previous slab. In such cases what option will be available, like surrender of nominal quantum of spectrum, to ensure that unreasonable fees are not required to be paid?</p>	<p>The conditions governing the surrender of the spectrum will be as per NIA.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Could the licensee surrender such spectrum from their existing allocations?</p>	
362.	<p>Will the winning bid be decided on only the auction bid amount or it will take into account the spectrum usage charges payments made by licensees at different rates as a percentage of AGR?</p> <p>In view of the Government decision of 3 August 2012 that the reserve price and SUC are essential for the 2G spectrum auction bid process, please confirm that you will take into account both of them for deciding the winning bid.</p> <p>Will the applicable slab for SUC be the 1800MHz/800MHz spectrum held prior to or post the auctions?</p> <p>What is the reason for continuing with the escalating slab structure for SUC when TRAI had recommended and DoT had accepted uniform spectrum usage charges?</p>	<p>Only on Auction Bid Amount.</p> <p>The applicable slabs for SUC will be determined based on the spectrum already held and spectrum won through the auctions.</p>
363.	<p>Clause 10 , 11and 12 of application</p> <p>Does it mean that Net worth of only Group Bidding Entity and its promoters (if required) will need to be given irrespective of number of Associated Licensees?</p> <p>Are Clauses 11 and 12 the sub-clauses of Clause 10?</p>	<p>These need to be included to the extent they are required or have been asked for.</p>
364.	<p>Is Joint Undertaking required on letter head of respective Associated Licensee company only? There is no additional need to give such joint undertaking on Group Bidding Entity's letterhead. Please clarify.</p>	<p>The Joint undertaking will be jointly signed by the Associated Licensee and the Group Bidding entity and should be on the letterhead of the respective Associated Licensee.</p>
365.	<p>What is the present cap on spectrum that can be held by a licensee?</p> <p>Is this cap applicable technology wise, spectrum band wise or based on any other criteria?</p> <p>Do prospective bidders have certainty that they will be able to utilize the spectrum for which they are bidding/paying throughout the term of the license if a spectrum cap could be applied at a later date?</p>	<p>For the purpose of this auction, a cap of 25% of the total spectrum assigned in all bands put together and 50% within a given band in each service area shall apply for total spectrum holding by each operator.</p>

No.	Query	Response
	<p>What refund mechanism will be applied if a spectrum cap or other subsequent regulatory rules remove the benefit of spectrum gained through auction?</p>	
366.	<ol style="list-style-type: none"> 1. Does the Group bidding entity/ Applicant Company and the associated licensees need to be compliant to the net worth criteria at service area-wise and not entity-wise at the time of submitting the auction application because Point No. 8 states a requirement of such certification to be filed with the application? 2. Net worth to be calculated as on which date? 3. Will the accumulated losses deducted from the paid up capital + free reserves? 4. What all is to be included in free reserves? 5. How do we apportion the paid up capital and free reserves and accumulated losses or profits for the calculation of net worth on service area-wise if more than one service areas are hosted in an associated licensee company? 6. What will be the definition of net worth? 7. Further net worth of promoter will not be counted for determining the net worth of the company. So what is the definition of promoter to be followed unlisted companies? 	<p>These issues will be clarified in NIA.</p>
367.	<p>5.2.2 Whether the Group Bidding entity/ Applicant company only has to submit its Ownership Compliance Certificate or each associated licensees has to submit the same separately with the application?</p>	<p>This will be clarified in NIA.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
368.	<p>11.5 (6) , 11.5.1 (application format - Clause 10</p> <ol style="list-style-type: none"> 1. Is the certificate of net worth of the Group Bidding Entity only or also of the associated licensees? 2. What will be the definition of net worth? 3. Will the accumulated losses deducted from the paid up capital + free reserves? 4. What all is to be included in free reserves? 5. How do we apportion the paid up capital and free reserves and accumulated losses or profits for the calculation of net worth on service area-wise if more than one service areas are hosted in an associated licensee company? 6. Further net worth of promoter will not be counted for determining the net worth of the company. So what is the definition of promoter to be followed unlisted companies? 	<p>These issues will be clarified in NIA.</p>
369.	<p>Spectrum to be auctioned</p> <p>Will licensees who have partial spectrum allocations of 1800MHz spectrum in some districts in any licensed service area be allocated spectrum in the remaining districts in the service area before the auctions? If not, why?</p>	<p>Partial availability of spectrum in certain service areas would apply in the current auction to new entrants as well as existing operators.</p>
370.	<ol style="list-style-type: none"> 1. Will existing Tripartite Agreement for UAS License be modified to include entire spectrum held by the license or only spectrum acquired through auction. 2. What will be status of existing TPA's executed by the Bidders? 	<p>The existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include 'Spectrum', in order to achieve the objective of funding of telecom projects of the licensee by the Financial Institutions (FIs) / Banks</p>
371.	<p>Section 1.1.6 (Pg 11) Technology Selection by Operator</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>This paragraph specifies that an operator is allowed to launch services using any technology based on standard approved by ITU / TEC or any other international standard organization. DOT needs to clarify the time frame during which it will release the test schedule for the given technology selected by operator for certification of rollout obligations.</p> <p>Please confirm that the operator is free to change the technology in its auctioned spectrum period of 20 years Also confirm that an operator is free to introduce additional technology in the same band and in the same circle i.e. say GSM and LTE together in the same spectrum.?</p>	<p>There are no restrictions on the technology to be adopted for providing services within the scope of the service license. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/ Industry.</p> <p>For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should not cause harmful interference to the already operating technologies either in the same band or in the adjacent bands.</p>
372.	<p>Section 1.1.7 (Pg 13) EMD</p> <p>EMD amount specified in Table 1A, Table 5A , Table 7B has a difference in the EMD specified in these tables in the cases of Maharashtra and Punjab circles. In table 1-A EMD specified for MH and Punjab is Rs. 35.25 Cr and 12 Cr respectively, whereas in Table 5A and Table 7B EMD specified for MH and Punjab is Rs. 29 Cr and 9 Cr respectively.</p> <p>In addition, on Pg.49 Section 7.3.4, it is specified that maximum EMD for 5 block of GSM spectrum per service area would be Rs.1750 Cr., which does not tally with the service area-wise EMD specified. And similarly, it does not tally with 2 blocks for existing operators of Rs.700 Cr.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
373.	<p>Section 2.5.1 (2) (Pg 22)</p> <p>License type</p> <p>Time frame for government decision on whether it will Service Area Level or at National level.</p>	<p>Please see Annexures A and C.</p>
374.	<p>Section 2.5.1 (9a) (Pg 23)</p> <p>Equity structure</p> <p>Details of equity holdings in the Applicant Company to be disclosed - please clarify as</p>	<p>These details have to be provided as of the date of last audited financial statement but</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	on which date.	not older than one year from the date of application.
375.	<p>Section 4.4.1.5 (Pg 31) BHq Rollout obligation</p> <p>i. The list of Block Headquarters needs to be provided.</p> <p>ii. Do the existing operators get the TEC certificates for such BHQs from TERM cells or self-certification will suffice. Also, clarify whether it is mandatory to have the BTS physically installed in the BHQ? Can we show the coverage at BHQ level through ICR? If yes, what will be its terms and conditions?</p>	<p>i. The number of Block Headquarters will be taken as on the date of issue of the Notice Inviting Applications (NIA) for auction of spectrum.</p>
376.	<p>Section 5.5 (Pg 40) Payment</p> <p>Will there be interest applicable during the moratorium of 2 years for payment of balance amount of one time charges for spectrum options. Additionally, when will the government prescribe suitable rate of interest.</p>	<p>The details of payment terms shall be given in the NIA.</p>
377.	<p>Section 5.5 (a.iii) (Pg 41) FBG</p> <p>What is the timeline for submission of Financial Bank Guarantee (FBG) for annual installment?</p>	<p>The details of payment terms shall be given in the NIA.</p>
378.	<p>Section 5.6 (Pg 41) Effective period for right to use</p> <p>As specified, 20 years period for right to use the spectrum is defined from date of issue of LOI by WPC. Will the operator be able to use spectrum from the date of LOI? If not, it should be from the date of allocation of spectrum.</p> <p>Since the operator will need time to setup the network the effective date should be 6 months after allocation of spectrum.</p>	<p>Existing Licenses - Upon receipt of the Successful Bid Amount, the WPC Wing of DoT shall issue a Letter of Intent (LoI) identifying the frequencies to be allocated to the Successful Bidder. The date of issue of LoI shall be taken as the effective date for reckoning the period of 20 years for which the right to use the spectrum has been acquired by the licensee through this auction;</p>

No.	Query	Response
379.	<p>Section 3.1 & 7.3.8 (Pg 25 &Pg 49) Pricing between new and existing operator</p> <p>These sections state that DoT will maximize the number of slots sold in any service area. However, in the service areas where there are no additional top-up blocks available, will the government allocate all the blocks to the new entrant operator at a lower price than bid by the existing operator, in order to ensure allocation of all 8 blocks?</p>	<p>Rights to use spectrum at specified frequencies in the following bands (subject to fulfillment of eligibility conditions, relevant license conditions and any particular conditions related to specific frequency blocks) for a period of 20 years (from the date of award of right to commercially use the allocated spectrum block) are being offered for award.</p> <p>The Provisional Winning Price in any particular Service Area at the end of the final Clock Round will become the Winning Price for the respective Service Area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. Winning Bidders will be required to pay the Winning Price for the Service Area(s) they have won. The Winning Price to be paid by a Winning Bidder may be less than or equal to the Winning Bid of a Winning Bidder (but never greater than) for any particular Service Area.</p>
380.	<p>Section 7.3.5 (Pg 49) Bidding procedure</p> <p>In case the operator’s activity level is lower than the required activity level for the given round, then it is specified that eligibility for the next round is going to be calculated by the actual activity level in the round divided by the activity requirement rounded down to nearest whole number. However, in the example, the number calculated is rounded up to the nearest whole number - needs clarification.</p>	<p>To cite the same in an example, suppose that in a Clock Round R, Bidder x has an eligibility of 70 points. If the Auction Activity Requirement, as defined by the Auction Administrator for particularly Clock Round R, is 80%, the Bidder’s Activity Requirement is 56 points (70x80%, which in case of decimal values has to be rounded up to the nearest whole number). Suppose that Bidder x submits a bid with an associated activity of 60 points, then, the eligibility of Bidder x in the next Clock Round R+1, would be equal to 70 points since 60 is GREATER than 56. However, suppose that Bidder x submits a bid with an associated activity of 50 points which is LESS than 56; then the eligibility of Bidder x in the Clock Round R+1, would be reduced to 63 points (50/80% rounded down to the nearest whole</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
		number).
381.	Section 11.5.1 (Pg 103) Application documents	
	i. Can the Director/Authorized Signatory sign and certify the documents to participate in the Bid on behalf of company secretary?	i. Company Secretary of the relevant company should sign and certify the forms where required.
	ii. What is the procedure for changing the authorized person once the auction has begun?	ii. Applicants can authorize one more person, who could act as the Alternate Authorised Person in case of unavailability of the primary Authorised Person
	iii. In application form, net worth of the Company is required to be provided. Definition of net worth is not provided in IM. Whether the definition of net worth as provided in UASL can be used?	iii. Will be clarified in NIA
	iv. Can the Company Secretary of the parent company do the needful for different companies under its umbrella?	iv. Company Secretary of the relevant company should sign and certify the forms where required.
	v. For Nomination of an authorized person, POA is required to be executed. Whether we can execute the same as per stamp paper of the state in which our office is situated or is there any specific amount of stamp paper for execution of POA?	v. As per stamp paper of the state in which the office is situated.
	vi. Whether specific Board resolution is required for Bidding or existing enabling resolution will be sufficient?	vi. Enabling resolution will be sufficient so long as it adequately covers the power to bid any amount on behalf of the Company.
	vii. As per para 6 (a) of the Application Form, “Details of Promoters/ shareholders in the Company” is required. There is one column of “Net-worth”. In case of public listed company, various investors in various category holding shares. How can net-worth of a particular category be arrived at? Further, it is not possible in listed company. Also, in the second column, “Name of promoter” is asked for. Does the bidder have to mention names of all the promoters or can these be clubbed and the bidder can instead mention total holdings of	vii. Net-worth needs to be mentioned only to the extent required to satisfy the UASL / UL (Access Services) license criteria, and not necessarily for all shareholders. Names of all promoters need to be mentioned.

No.	Query	Response
	<p>promoters?</p> <p>viii. Under para 6 of the Application form, there is one column “Paid up capital”. Whether we need to mention No. of shares or total paid up capital of each category of shareholders in case of listed company?</p> <p>ix. Under para 8 of the application form, “Ownership details of each of the Associated Licensees establishing the shareholding of the common parent in each of the Associated Licenses” is asked for. Whether this is required to be given even though only one entity from group has made bid application?</p> <p>x. Format of various following documents to be submitted</p> <ol style="list-style-type: none"> a. Power of attorney. b. Shareholding patterns. c. Certificate of paid-up capital. d. Ownership compliance letter. e. Certificate of net-worth etc. 	<p>viii. Total paid-up capital for each entity/group of entities. Entities holding more than 5% shares cannot be clubbed.</p> <p>ix. Yes, this is required for all Associated Licensees.</p> <p>x.</p> <ol style="list-style-type: none"> a. There is no specific format for Power of Attorney, but it should be on stamp paper of the state on which the office is situated. b. Shareholder patterns – please provide in tabular format. c. Certificate of paid-up capital – please indicate on the letterhead of the Company. d. Ownership compliance letter – format has been provided. e. Certificate of net-worth – please indicate on the letterhead of the Company.
382.	<p>Section 1.1.7 (Pg 15) Change in information</p> <p>As per the certificate / undertaking in the application there is clause which states as: Applicant will intimate the DoT promptly in case of any change in the information submitted as part of the Application. Do even small changes in information furnished (e.g. change in phone no. of authorised representative, which gets changed frequently) needs to be notified?</p>	<p>Applicants should inform the Government promptly in case of any change in the information submitted by them as part of their Application.</p> <p>All changes need to be notified to the DoT. Changes in shareholding of any of the shareholders with more than 5% equity stake (whether at the time of application or subsequently) in the Company need to be notified to DoT.</p>
383.	<p>Section 3.1 (Pg 26) Frequency allocation</p>	

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Can the Government do so after the frequencies are allotted through auction for commercial use? Please clarify.</p>	<p>Yes, however this change / reconfiguration will not affect the total quantum of spectrum allotted through this auction</p> <p>The Government reserves the right to change the above frequencies without assigning any reason at any point of time</p>
384.	<p>Section 3.4 (pg 27) Spectrum Hoarding</p> <p>Please specify/ clarify the proposal to levy penalties for spectrum hoarding.</p>	<p>Currently there are no specific guidelines with respect to spectrum hoarding. However, provisions regarding minimum AGR for the purposes of computing spectrum usage charge and penalty provisions in the license, inter alia, for failure to meet roll-out obligations may be seen in this regard.</p>
385.	<p>Section 3.3(pg 27) Spectrum Trading</p> <p>Is any time frame defined for allowing Spectrum trading.</p>	<p>Spectrum Trading is not allowed in India, at this stage</p>
386.	<p>If a foreign entity is allowed to participate directly in the auctions, please clarify whether the application checklist (page 99) provided in the IM would be applicable to a foreign entity participating in the auction as many of the documents required in the said checklist may not be applicable in case of a foreign entity (e.g. various certificates from a company secretary).</p>	<p>Application checklist would apply</p>
387.	<p>Some of the incumbent GSM operators had raised the issue of participation in the 800 MHz auction in the Pre –bid conference. In case DOT is considering to open up 800 MHz band to incumbent GSM/1800/900 MHz operators too, then we feel that equal number of slots i.e. 13 slots in 800 MHz band to be made available for auction, instead of only putting 3 slots 800 MHz for auction.</p>	<p>No change in the No. of slots in 800 MHz band.</p>
388.	<p>3.4 Penalty for Spectrum Hoarding</p> <p>a. How will spectrum Hoarding be determined?</p>	<p>Currently there are no specific guidelines with respect to spectrum hoarding. However,</p>

No.	Query	Response
	<ul style="list-style-type: none"> b. What are likely parameters of checking spectrum hoarding? c. Will spectrum hoarding by existing operators be checked by Govt./TRAI? i. Will govt. take back spectrum from operators making inefficient use of spectrum from existing operators too? 	<p>provisions regarding minimum AGR for the purposes of computing spectrum usage charge and penalty provisions in the license, inter alia, for failure to meet roll-out obligations may be seen in this regard.</p>
389.	<p>5.5 Payment methodology</p> <ul style="list-style-type: none"> a. In reference to sub-clause to (ii) of Clause 5.5, what shall be the rate of interest at which the Net present value of the successful bid price be calculated? b. As per sub-clause to (iii) of Clause 5.5, one single Financial Bank Guarantee of the amount equal to one annual installment out of the ten installments is to be securitized with a validity period of one year, is this understanding correct? 	<p>Details of payment terms will be given in the NIA.</p>
390.	<p>Clauses 1.1.6 and 2.4 – Technology</p> <p>The Guidelines on spectrum auction in 1800MHz and 800MHz band, published on 3rd July 2012 specifies that the spectrum in any band can be used to provide any service within the scope of respective service licences using any technology. Therefore, it is upon the spectrum winner to decide as to which technology is to be deployed for providing the services within the scope of its service licence at any point in time during the tenure of 20 years of its spectrum holding. However, in the Pre-Bid Conference convened by DOT on 6th September 2012, a view was expressed by one of the members of the DOT panel that at the time of assignment of the spectrum won in the auction, WPC will define the technical parameters which will determine the technology to be deployed by spectrum holders. This is totally in contradiction with</p>	<p>There are no restrictions on the technology to be adopted for providing services within the scope of the service license. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/bodies/Industry.</p> <p>For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required. Introduction of any new technology should not cause harmful interference to the already operating technologies either in the same band or in the adjacent bands.</p>

No.	Query	Response
	<p>the recommendations of TRAI and the stated policy of the Government. To enable the participants to take an informed decision kindly clarify the following:</p> <p>a) If an operator deploys a particular technology initially and launches its services commercially, can it subsequently decide to shift to a newer advanced technology approved by ITU/TEC or any other International Standards Organisation/Bodies/Industry during the tenure of the spectrum, i.e. of 20 years in current context? If yes, please specify the procedural requirements which the spectrum holder needs to follow in order to deploy a newer advanced technology subsequently.</p> <p>In the Clauses 1.1.6 and 2.4 on ‘Technology’, which states that ‘The successful bidder shall provide details of the technology ... prior to launch of commercial operations’, the phrase ‘prior to commercial operations’ should be replaced by ‘prior to deployment of technology’, as the commercial launch of operation would only be once during the tenure of spectrum holding.</p>	
391.	<p>Clause 1.1.3 Page No. 9 (Eligibility Conditions)</p> <p>a. DoT should provide the number and list of existing licensees Service Area wise?</p> <p>DoT should also provide a list of companies/ licensees whose licenses/ spectrum are slated to be quashed as per the direction of the Supreme Court?</p>	<p>The list of the access service licensees is available on the website of DoT.</p>
392.	<p>Clause 3.1 Page No. 25-26 (Spectrum to be auctioned):</p> <p>The Supreme Court allowed the operators whose licenses have been cancelled to continue providing services for 4 months (which has further been extended till 18th Jan,2013), envisaging that the operator would get a fair chance of winning the spectrum backthrough auction. It appears from the IM that the government has not put up the entire spectrum getting vacated from</p>	<p>Auction is being conducted in accordance with the orders of the Supreme Court.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>the cancelled licenses for auction which can lead to mandatory cancellation of some of licenses even if they are willing to pay market determined price.</p> <p>In this regard, we would like DoT to clarify; how it complies with the judgment of the Supreme Court of India dated 02-02-2012?</p>	
393.	<p>Clause 7.3.1 Page No. 45-46 (The Clock Stage – Overview)</p> <p>As per our understanding, for the purpose of calculation of excess demand, the minimum base of 8 Blocks will be considered in case of auction of 1800 MHz spectrum and 3 blocks will be considered in case of auction of 800 MHz spectrum.</p> <p>Top up facility will not be considered for the purpose of calculating excess demand. Top-up facility availability in a respective service area will only be considered for deciding upon the provisional winning bidders for the respective clock rounds and too only in case a new entrant's bid is either at the 6th, 7th or 8th position.</p> <p>DoT is required to confirm/clarify the same. The application of the top up facility needs to be explained in detail with the different scenarios. Further the information disclosed at the end of each clock round under these scenarios should also be illustrated for clarity.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
394.	<p>Clause 7.3.8 Page 53 (Winning Bids and Winning Prices)</p> <p>Consider a scenario for auction of 1800 MHz, where in a new entrant bid is at 6th position for 4 Block and there is no top facility available (e.g. Circle like Delhi, Mumbai, Gujarat, Punjab, UP(E), Rajasthan, HP), and this the final clock round, so will the 3 blocks go unsold? DoT is required to confirm/clarify the same.</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>
395.	<p>Clause 7.3.1 Page No. 45-46 (The Clock Stage – Overview)</p> <p>Consider a scenario where in the Existing Operator bids for 2 blocks in Clock Round</p>	<p>Please see amended sections 7 & 8 of IM attached as Annexure B.</p>

No.	Query	Response
	<p>'n'and is the provisional winning bidder in that round n. The round n has an excessdemand of greater than 0. In round n+1, there will be an increase in the bidding price as mentioned in Table 7-C. In this round (n+1) as per our understanding the ExistingPlayer has the option for bidding for 1 or no block at all. The DoT is required toconfirm/clarify the same.</p>	
<p>396.</p>	<p>Clause 4.5 Page No. 31-32 (Spectrum usage charges):</p> <p>DoT's M&A 2004 policy states that if any merger takes place between GSM &CDMA operator then for the purpose of spectrum charge, the merged entity would have to pay such charge on combined spectrum. Further, M&A 2004 policy also stated that for the purpose of upper spectrum limit, both CDMA & GSM spectrum would be considered as“total spectrum”</p> <p>TRAI in its recommendation on “Recommendations on Review of license terms and conditions and capping of number of access providers” dated 28th August 2007 also suggested the imposition of Spectrum Usage Charge basis the combined spectrum holding in GSM and CDMA band.</p> <p>The IM also suggested that the spectrum is technology neutral and can be used for any technology.</p> <p>Therefore, DoT may please confirm the following understanding; The spectrum held by the operator in different bands i.e. in 800, 900 and 1800 MHz should be combined for the purpose of determining the slab for the purpose of Spectrum Usage Charge?</p>	<p>Spectrum usage charges will apply as per Government orders from time to time.</p>
<p>397.</p>	<p>Clause 11.5.1 [5] Page No. 102 (Authorized person and Authorised Signatory)</p> <p>In point no. 5 of Application, the bidder has been asked for the details of Authorized signatory/person who can take all relevant decisions regarding auction. Please clarify–</p>	

No.	Query	Response
	<p>i. Is the authorised person the only person permitted to communicate with the auctioneer and place bids?</p> <p>ii. Can more than one authorised person be nominated by a bidder as a fallback option in the event of any emergency?</p> <p>iii. What is the procedure for changing the authorised person once the auction has begun?</p> <p>iv. In the event of EAS not working, can an operator submit the bid over fax to the auctioneer? In such a circumstance, how would the signature of authorized person(s) be validated of the faxed document during the bidding process? Can we submit specimen signature(s) of such authorized person(s) / signatory (ies) along-with the applications?</p>	<p>i. A maximum of 2 people will have the authorisation to communicate with the auctioneer and place bids.</p> <p>ii. As mentioned above.</p> <p>iii. Only these 2 persons will be authorised to coordinate with the auctioneer.</p> <p>iv. No other mode apart from submitting the bid electronically in the EAS is permitted.</p>
398.	<p>Clause 11.5.1 [H] Page No. 105 (Certificates/ Undertaking)</p> <p>The clause ‘H’ in the section “Certificates / undertaking” in the application, states as: "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” Does even small change in information furnished (e.g. change in phone numbers of authorised representative, change in shareholding, which gets changed frequently) needs to be notified?</p>	<p>All changes need to be notified to the DoT.</p>
399.	<p>We request that DoT schedule another pre-bid conference with stakeholders after the NIA is released to facilitate clarity on the interpretation of the NIA before submission of applications. Kindly confirm.</p>	<p>NIA is legal, binding document. Provision for seeking clarifications will be addressed in the NIA.</p>
400.	<p>Tripartite Agreement 1.1.3.2</p> <p>It is stated in the IM that the existing Tripartite Agreement (TPA) in the UAS licenses will be modified appropriately to include ‘Spectrum’, in order to achieve the</p>	<p>Proforma of the Tripartite Agreement template as attached with the UAS license is proposed to be amended to include specific clauses in respect of spectrum acquired</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	objective of funding of telecom projects of the licensee by the Financial Institutions (FIs) / Banks. Will the format of such a TPA be provided as a part of the NIA?	through auction.
401.	If any spectrum is partially sold or left unsold in a service area then the auction has neither revealed a market discovered price nor maximised the revenue proceeds from the auction; both of which are objectives in this auction (see paragraph 1.1.2). If this were to occur, how will the market price of 1800MHz spectrum be estimated if there is no subsequent auction of spectrum at a lower reserve price?	This will be decided at the appropriate time.
402.	<p>AGR slab should start at minimum spectrum allocation level for both GSM & CDMA; while for GSM it starts at 4.4 MHz; for CDMA it is starting at 5 MHz</p> <p>a. Suggestion : For 2.5 MHz of SUC should be 1 %, for 3.75 it should be 2%</p>	The slab will be as per Government orders from time to time.
403.	<p>IM provides that Earnest Money Deposit has to be provided in form of Bank Guarantee, which Bank Guarantee shall remain valid till 30.04. 2013,</p> <p>a. Clarification Required: A clarification needs to issued on return of bank guarantee prior to the 30.04.2013 in case of withdrawal of application.</p>	<p>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 normally within 30 days.</p> <p>No Interest will be payable under any circumstances.</p>
404.	<p>7.3</p> <p>Please provide a worked example that clarifies the situation where only one of the bids of a bidder in a round becomes the provisional winning bid and the bidder makes a bid in the next clock round at a higher price</p> <p>a. Does this count as a bid for an additional lot (one at the new clock round price and one at previous clock round price)? Or does it count as raising the existing PWB (so the bidder has just one PWB at</p>	<p>Worked examples will be provided in the Pre-bid conference to be held on 20th September, 2012 at BSNL Corporate Office, Bharat Sanchar Bhavan, Janpath, New Delhi from 2.00PM to 5.00PM.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>new clock round price)?</p> <p>b. Does the auction software in fact allow both options (make additional bid vs raising existing bid)?</p> <p>If both options are possible, can other bidders tell the difference (or do they just see one bid at the new price)?</p>	
405.	<p>Since the ‘Notice Inviting Application’ will take precedence over the Memorandum, request confirmation that an opportunity to the prospective bidders will be made available post issuance of NIA in order to seek clarifications on the NIA?</p>	<p>This will be addressed in the NIA</p>
406.	<p>Which license needs to be procured by the successful bidder to provide Will it be the existing UASL or a new UL being proposed</p>	<p>Successful bidders other than existing CMTS/ UAS licensees will have to obtain a Unified License (Access Services).</p>
407.	<p>A draft of such an agreement should be shared with the bidder before start of Auction. By when DoT is expected to release the draft license agreement/guidelines for the same.</p>	<p>Please refer to revised para 2.5.1 in Annexure A.</p>
408.	<p>The bidder also should be given an opportunity to raise their queries on release of such license agreement.</p>	<p>The Unified License (Access Services) agreement is a separate document.</p>
409.	<p>If an existing operator, say holding CMTS license holding 6.2MHz or more, successfully bids and gets one block (1.25 MHz) in 1800 MHz band, then allocation of this liberalized spectrum imply that all existing spectrum held will also be deemed as liberalized.</p>	<p>No.</p>
410.	<p>What is the definition of ‘Associates’. (As mentioned in Clause 1.4 of the existing UASL and Clause 8 of the UASL guidelines and also mentioned in the IM at above-mentioned paras).</p>	<p>The definition of ‘Associated Licensees’ given in the IM is for the limited purpose of this spectrum auction process and it does not have any relation with the use of the word ‘associate’ in UAS/ CMTS licenses or in clause 8 of UASL guidelines.</p>
411.	<p>Para 4.1.1, Page No. 28: It is clarify that the service can only be offered as per the terms of the license obtained by the operator.</p>	<p>The licensee can use liberalised spectrum to provide any service using any technology subject to holding / acquiring the requisite</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the license obtained by the operator.</p> <p>Which license needs to be procured by the successful bidder to provide:</p> <ul style="list-style-type: none"> • 2G Services - ? • 2G + 3G Services - ? • Broadband Services - ? • 4G Services -? 	<p>license.</p> <p>The Unified License (Access Services) covers all services currently allowed under UASL.</p>
412.	<p>Para 4.1.1, Page No. 28: It is clarify that the service can only be offered as per the terms of the license obtained by the operator.</p> <p>Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the license obtained by the operator.</p> <p>Will it be existing UASL or new UL proposed?</p>	<p>Please refer to amended clause 2.5.1 in Annexure A.</p>
413.	<p>Para 4.1.1, Page No. 28: It is clarify that the service can only be offered as per the terms of the license obtained by the operator.</p> <p>Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the license obtained by the operator.</p> <p>A draft of such an agreement should be shared with the bidder before start of the Auction. By when DOT is expect to release the draft of license agreement /guidelines for the same?</p>	<p>Please refer to amended clause 2.5.1 in Annexure A.</p>
414.	<p>Para 4.1.1, Page No. 28: It is clarify that the service can only be offered as per the terms of the license obtained by the operate.</p> <p>Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the license obtained by the operator.</p> <p>The bidder should be given an opportunity to raise their queries on release of such license agreement.</p>	<p>Please refer to amended clause 2.5.1 in Annexure A.</p>
415.	<p>Para 4.1.1, Page No. 28: It is clarify that the service can only be offered as per the terms of the license obtained by the operator.</p> <p>Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of</p>	<p>Please refer to amended clause 2.5.1 in Annexure A.</p>

No.	Query	Response
	<p>the license obtained by the operator.</p> <p>If an existing operator, say holding CMTS license holding 6.2 MHz or more successfully bids and gets one block (1.25 MHz) in 1800 MHz band, then allocation of this liberalized spectrum imply that all existing spectrum held will also be deemed as liberalized ?</p> <p>a. Based on the allocation of one to block(s) of liberalized spectrum, it may not be adequate to provide 3G service on standalone basic, therefore, can such as operator be permitted to have 3G ICR alliance with another operator holding 3G spectrum or holding liberalized spectrum?</p> <p>b. Can such operator based on allocation of one/two block liberalized spectrum, provide 3G, 2G + 3G, broadband, 4G services using the entire spectrum and acquired liberalized spectrum ?</p> <p>c. Will that operator be required to obtain a new license or can operate in the existing license with some modification of the existing license?</p> <p>i. If new license then would it be UASL or UL?</p> <p>ii. Will entire spectrum (existing + new) be governed by this new license?</p>	<p>No.</p> <p>No.</p> <p>No.</p> <p>Successful bidders other than existing CMTS/ UAS licensees will have to obtain a Unified License (Access Services).</p>
416.	<p>Para 2.5.1 (2), Page No. 22: The new entrants shall have to obtain a ‘Service Area Level Unified License ‘OR a ‘Unified Access Service License’ which would be the present UASL without spectrum, as may be finally decided by the Government.</p> <p>And</p> <p>Para 11.5.5 (d) Page 111: “No single company /legal person” either directly or through its associates , shall have sustain equity holding in more than one license Company in the same service area for the Access Service namely; Basic Cellular and Unified Access Service. ‘Substantial</p>	<p>Please refer to Annexure A.</p>

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

No.	Query	Response
	<p>Equity’ herein will mean ‘an equity of 10% or more’. A promoter Company Legal Person cannot have stakes in more than one license Company for the same Service Area.</p>	
	<p>What is the definition of ‘Associates ‘? (As motioned in Clause 1.4 of the existing UASL and Clause 8 of UASL guidelines and also mentioned in the IM at above motioned paras)</p>	<p>The definition of ‘Associated Licensees’ given in the IM is for the limited purpose of this spectrum auction process and it does not have any relation with the use of the word ‘associate’ in UAS/ CMTS licenses or in clause 8 of UASL guidelines.</p>
417.	<p>Para 12 Page No. 24:</p> <p>a) Companies covered under exception under condition no. 1.4 of UASL may be permitted to bid only for the spectrum band which they currently hold.</p> <p>b) Other companies holding spectrum either in 900/1800 MHz or 800 MHz can be permitted to bid only for the spectrum band which they currently hold.</p> <p>c) Companies holding spectrum either in 900/1800 MHz and 800 MHz may be allowed to bid for both the bands.</p>	Please refer to Annexure C.
	<p>There seems to be contradiction in above paras regarding the ‘companies’ and ‘other companies’ kindly clarify and explain in detail.</p>	
418.	<p>Para 4.5 Page No. 31 :</p> <p>Spectrum Usage Charges:</p> <p>What will be the spectrum usage charged for the additional, say 1 block operated by an existing operator holding 6.2 MHz or more?</p> <p>i. Will it be rate applicable for 6.2 MHz or 1.25MHz calculated separately according to the spectrum slab.</p> <p>OR</p> <p>ii. Rates will be combined (6.2 +1.25)MHz</p>	Spectrum Usage Charges slabs/ rates shall be as decided by Government from time to time.
419.	<p>Para C Page No. 104: Certificated /Undertakings : I hereby certify that neither the Applicant nor the Associate Licensees are the subject of criminal or civil proceedings that could be expected to</p>	This certification is to be given by the applicant.

No.	Query	Response
	<p>adversely affect its business or its ability to bid in the Auction.</p> <p>Kindly clarify this point in respect of “adversely affected its business or its ability to bid in the auction”.</p>	
420.	When will be MVNO policy be announced?	NTP 2012 provides for introduction of MVNOs. However, detailed guidelines in this regard will be issued in due course.
421.	<p>Section 2.5.1 of the Information Memorandum on Unified License – Key Features. Point number 8 of this section states that:</p> <p>“The Applicant Company shall have a minimum net worth as well as paid up equity capital of Rs 2.5 crore for each Service area level Unified License on the date of application and shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) along with the application. The net worth of promoters shall not be counted for determining the net worth of the company In case of acquiring Unified License in any other license area, the Licensee shall maintain additional net-worth and paid up equity as prescribed for that service area/district also. The net worth requirement for Unified License is summarised below:</p> <ol style="list-style-type: none"> 1. Net worth and Paid up equity requirement: Rs. 2.5 crore for each service area 2. Total minimum net worth and Paid up equity required for more than one license area : <ul style="list-style-type: none"> ○ Rs 2.5 crore X no of service areas for which LOI/License have been issued and applied for in the name of the applicant.” <p>The Definition of Net worth as mentioned</p>	Please refer to Annexure A.

No.	Query	Response
	<p>in the current Unified Access Service License (UASL) is as follows:</p> <p>“44. “NETWORTH” shall mean the sum total, in Indian rupees, of paid up equity capital and free reserves converted at the prevalent conversion rate indicated by the Reserve Bank of India on the date of the application”</p> <p>Can you please confirm:</p> <ol style="list-style-type: none">1. That the net worth definition (for license) will be the same as in the current UASL; and2. Whether the debit balance of profit and loss account should be taken into account when calculating the free reserves?	

Annexure A

2.5.1 Unified License to be obtained by the successful bidders – Key Features

1. The license shall be governed by the provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933 and the Telecom Regulatory Authority of India Act 1997 as modified or replaced from time to time.
2. The new entrants shall have to obtain a ‘Unified License (Access Services)’ in each Service Area herein after called UL (Access Services).
3. Subject to fulfilment of relevant eligibility conditions, License shall be issued on non-exclusive basis.
4. The applicant must be an Indian Company, registered under the Indian Companies Act, 1956.
5. The Applicant Company shall have to be in compliance with the relevant provisions of FDI policy of the Government and such modifications to the policy as may be issued from time to time. The relevant provisions may be seen at http://dipp.nic.in/English/Policies/FDI_Circular_01_2012.pdf
6. FDI shall be subject to laws of India and not the laws of the foreign country/countries.
7. The Applicant Company shall have a minimum net worth as well as paid up equity capital of Rs 2.5 Crore for each service area on the date of application for obtaining UL (Access Services) and shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) along with the application. The net worth of promoters shall not be counted for determining the net worth of the company. In case of acquiring Unified License (Access Services) in any other license area, the Licensee shall maintain additional net-worth and paid up equity as prescribed above for that service area. The net worth requirement for UL (Access Services) is summarised below:
 - Net worth and Paid up equity requirement: Rs. 2.5 crore for each service area.
 - Total minimum net worth and Paid up equity required for more than one license area:
Rs 2.5 crore x number of service areas for which LOI/License have been issued and applied for in the name of the applicant.
8. License will be given based on the information /certificates submitted by the applicant with the condition that at a later date if the information is found wrong the license shall be liable to be terminated.
9. Entry fee (Non-refundable): Rs. 1 (One) Crore for each Service Area Level UL (Access Services) except for Jammu & Kashmir (J&K) and North East (NE) Service Areas where Entry Fee shall be Rs. 50 (Fifty) lakhs each.
10. On being successful bidder in the auction as new entrant, Unified License (Access Services) will enable the Licensee to deliver all services which are being provided by the current UAS

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

Licensees under the scope of the licence. Such licensees will be eligible to migrate to final UL regime as and when it is announced, subject to such conditions as prescribed for such migration.

11. For the purposes of final UL regime, to which the existing licensees as well as UL (Access Service) licensees will have the option to migrate, the bidders may see the provisions of NTP-2012, which inter alia includes the provision: “To move towards Unified Licence regime in order to exploit the attendant benefits of convergence, spectrum liberalization and facilitate delinking of the licensing of Networks from the delivery of Services to the end users...”
12. Upper limit of penalty for violation of licence conditions will be Rs 50 Crore per service area in each case.
13. Application fee (non-refundable) for licence will be Rs 50000/- per service area.
14. Application procedure shall be prescribed separately.
15. PBG for the licence shall be Rs 10 Crore per service area in addition to the PBG related to the auction of spectrum/rollout obligation.
16. FBG for the licence shall be initially Rs 2 Crore per service area to be reviewed on six monthly basis and shall be equivalent to estimated sum payable equivalent to licence fee for 2 quarters and other dues, not otherwise securitised and any additional amount as deemed fit by the licensor.
17. M & A guidelines as applicable to UAS licenses and as amended from time to time will also be applicable in respect of merger among UL (Access Services).
18. Licensee shall make its own arrangements for all infrastructure involved in providing the service and shall be solely responsible for installation, networking, operation and commissioning of necessary equipment and applicable systems, treatment of subscriber complaints, issue of bills to its subscribers, attending to claims and damages arising out of his operations.
19. Sharing of active/passive infrastructure shall be as per the guidelines issued by DoT from time to time.
20. The Licensee shall comply with the security conditions, inter alia, relating to inspection of the installation/establishments, audit of networks, security of the network, restriction on employment of foreign nationals, transfer of information outside the country, remote access, monitoring of networks, confidentiality of information relating to subscriber data and any other condition imposed by DoT from time to time. Detailed conditions will be provided in the License.
21. Cross holding of substantial equity requirements as in UAS licence will apply.
22. **Additional Guidelines for Spectrum assignment associated with Unified Licence (Access Services):**
 - i) Additional net worth requirement would be Rs. 100 Crore for each service area except for J&K and NE Service Area, where it will be Rs. 50 Crore for each service area.
 - ii) The additional net worth requirement spelt in (i) above is applicable in case of new entrants/ Unified Licensee (Access Services) who participate in the auction for

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

assignment of access spectrum. This net worth requirement is to be met at the time of application for participation in the auction.

- iii) For participation in the auction for assignment of spectrum, net worth of those promoters having at least 10% paid up equity holding in the applicant company shall also be taken into consideration.
- iv) The Applicant Company shall have a minimum paid up equity capital equal to one tenth of net worth prescribed above and shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the applicant company and countersigned by duly authorized Director of the Company) while applying for participation in the auction of spectrum. This paid up equity requirement would be in addition to the prescribed paid up equity for obtaining UL (Access Services). Details are shown in the table below.

23. Paid up Equity Holdings:

- a) The details of the paid up equity holdings in the Bidder Company should be disclosed by the company as follows:

S. No.	Name of Promoter/ Partner	Indian/Foreign	Equity in the bidder company in percent and value	Net worth

- a) Details of paid up equity holding of the Promoter/ Partner Indian Companies of the Bidder Company should be disclosed by the applicant company as follows:

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

- 24. The minimum paid up equity and networth requirements for obtaining UL (Access Services) including the additional paid up equity and networth requirements prescribed for obtaining the spectrum shall be met and maintained till the validity period of the licence.

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

Annexure B

7 Spectrum in 1800MHz band – Auction Rules

7.1 Conduct of the Auction

The e-auction (online auction) will be conducted over the internet using the web browsing software, IE 9.x / Mozilla 13.x / Google Chrome 20.x, wherein only the pre-qualified bidders will be allowed to participate.

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

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

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

Note: Each pre-qualified bidder can access the EAS from a maximum of four (4) different Public Static IP Address. The pre-qualified bidders need to submit the same in the format as mentioned in Annexure – 11.5.7 along with a soft copy of the Public Key of the Digital Signature Certificates of the authorized personnel. Alternatively, if required, the Auction Administrator can request the public key to be mailed to eas@abcProcure.com to map the authorized participants in the EAS.

7.2 Overview of the Auction Stages

In 1800MHz band, eight (8) blocks each of 1.25MHz (paired) will be put for auction in each of the Service Areas (SAs). In addition, a provision is also made for Spectrum of up to 3 blocks each of 1.25MHz (3.75MHz), wherever available, to meet the requirements of new entrants for topping up the 8 blocks of spectrum put up for auction, i.e. up to a total of 11 blocks each of 1.25MHz if such an exigency arises. The number of blocks available for topping up for each Service Area is given in the Table 7-A. The allotment of the top up blocks during the Clock Rounds to the Provisional Winning Bidders, and to the final winner after the auction can vary for each Service Area depending on the respective ranking of the New Entrant(s). The same is explained in detail in Section 7.3.8.

The bidders will be categorized into two segments for each Service Area:

- **Existing Telecom Service Provider:** - A bidder who is an existing telecom service Provider in a Service Area will be allowed to bid for a maximum of 2 blocks of 1.25MHz each in that particular Service Area.
 - ** *If an existing telecom service provider has submitted his bid for 2 blocks, either he will be allotted 2 blocks as Provisional Winning Bidder / Final Successful Bidder OR will not get any block. In no case, will an existing provider be allotted 1 block as Provisional Winning Bidder / Final Successful Bidder, if he has submitted an interest to bid for 2 blocks at a particular Price. If the existing provider has submitted his interest for 1 block, he can be allotted 1 block as Provisional Winning Bidder / Final Successful Bidder depending on his ranking.*
- **New Entrant:** - A bidder who is a New Entrant in a Service Area will be required to bid for a minimum of 4 blocks each of 1.25MHz for that particular Service Area. The same bidder will also be allowed to bid for 1 additional block of 1.25MHz in this particular Service Area.
 - ** *A New Entrant bidder can be allotted a minimum of 4 blocks as a Provisional Winning Bidder / Final Successful Bidder, even if he has submitted bid for 5 blocks. Top up facility will be utilized only for the allotment up to a maximum of 4 blocks as a Provisional Winning Bidder / Final Successful Bidder, even if he has submitted his bid for 5 blocks.*

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

- a) **Clock Stage:** This stage will establish the number of block(s) to be awarded to the Bidders in each of the service areas. In this stage, in each service area, bidders will bid for blocks of spectrum of 1.25MHz each as per their respective permissible limit depending on their categorization. The Clock Stage will consist of a number of rounds. These rounds will stop once:
- i) For every Service Area, there is no bidding activity; and
 - ii) There are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the auction can close are described in Section 7.3.7)

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

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

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

7.3 *The Clock Stage*

7.3.1 Overview

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

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

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

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, discussed in Section 7.3.9.

Bidders will be able to switch Bids across service areas from one round to the next subject to certain limitations (called "Activity Rules") detailed in Section 7.3.4. 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 Blocks cannot be switched to other service areas.

In the first Clock Round, the price per Block in each Service Area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 7.3.6) in the previous completed Clock Round. The excess demand will be determined by the total number of blocks for which the prices have been quoted, with respect to the total number of blocks available for each service area for a particular Clock Round Price (which may be the same for more than one round).

The following rules would be applicable to determine the Clock Round Price other than the first round:

- If excess demand is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;

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

At the end of the final Clock Round, the Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded the number of allocated blocks in each Service Area at the Winning Price.

7.3.2 Bidding during Clock Rounds

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

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

The bidder will have the option to select “Yes / No” against each Service Area to reflect the interest to bid in that particular Round. On selection of “Yes”, the bidder will have the option to select the Number of Blocks for that respective Service Area. The overall selection of the Service Areas and the Number of blocks in the selected Service Areas would be restricted on the following factors:

- The total value of the EMD of the number of blocks in the selected Service Areas should be equal to or less than the EMD deposited by the bidder;
- Availability of sufficient Eligibility Points

All the Bidders have to submit their respective decision in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end

of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 7.3.9.

All the bids which the bidder submits would be subject to the Activity Rules described in Section 7.3.4.

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

7.3.3 Eligibility Points and Deposits

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

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

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

Any bidder, who is a New Entrant, is able to bid to a maximum of 5 Blocks per Service Area, the maximum EMD which needs to be paid would be Rs. 2,650.00 Crore (considering that the Bidder is a New Entrant for all the 22 Service Areas & submits the EMD for the same).

Any bidder, who is an Existing Telecom Service Provider, is able to bid to a maximum of 2 Blocks per Service Area (considering that the Bidder is an Existing Telecom Service Provider in all Service Areas), the maximum EMD which needs to be paid is Rs.1,060.00 Crore.

Please note a bidder could be categorized as a New Entrant in some of the Service Areas and as be an Existing Telecom Service Provider in the other Service Areas.

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

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

7.3.4 Activity Rule

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

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

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

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

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

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

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

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

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

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

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

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

7.3.5 Ranking of Bidders and Provisional Winning Bidders

For the purpose of determining the Provisional Winning Bidders in each Service Area, the Bids received in a Service Area for the number of blocks will be ranked at the end of each Clock Round. This ranking process is undertaken separately for each service area. For determining the Provisional Winning Bidders, the first process would be to identify the Provisional Winning Blocks at the end of each Clock Round. The Provisional Winning Bidders would be ranked using the following criteria;

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

- 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, ranking will be in ascending order according to the Clock Round when the Bid was submitted for a particular Service Area (thus, Bids submitted in earlier Clock Rounds take precedence);
- Where there is a tie according to the first two criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

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

Since an existing service provider who has submitted his bid for 2 blocks will either be allotted 2 blocks as a Provisional Winning Bidder or will not be declared as Provisional Winning Bidder, in which case, the bid of the next New Entrant Bidder (in sequence of ranking) will be considered as Provisional Winning Bid.

Where a Service Area that has 8 blocks put up for auction, the different conditions under which the Provisional Winning Blocks are determined are as follows:

- a) If the number of blocks for which the bids have been received is less than 8, in which case all the blocks will be considered as Provisional Winning Blocks. Due to demand being negative, to determine the Provisional Winning Blocks equal to a minimum of 8, the bids of the bidders in the previous round, in sequence of ranking will be considered. Only in the case of first round where the demand is negative, the number of Provisional Winning Blocks will be less than 8.
- b) If the number of blocks for which the bids have been received is equal to 8, in which case also all the blocks will be considered as Provisional Winning Blocks.
- c) If the number of blocks for which the bids have been received is greater than 8, in which case the bids received for the first 8 blocks according to their ranking will be considered for Provisional Winning Blocks. Situation can arise such that an existing bidder is ranked within the purview of the 8 blocks, but still cannot be considered a Provisional Winning Block, due to his demand of 2 blocks and where he cannot be allotted 1 block as Provisional Winning Bidder. In such cases, the bid of the next new entrant bidder, in sequence of ranking, will be considered.

*** Considering an example where in a Service Area, in sequence of their ranking, a New Entrant “A” has submitted his bid for 5 blocks, followed by an Existing Provider “B” for 2 blocks, followed by another Existing Provider “C” for 2 blocks and finally by another New Entrant “D” for 4 blocks. In which case, 5 blocks of “A” will be considered as Provisional Winning Blocks, and 2 blocks of “B” will also be considered as Provisional Winning Blocks. This leaves a balance of 1 block available to be determined as Provisional Winning Block out of the 8 blocks put up for auction. Since the bidder “C” has submitted his bid for 2 blocks, and he cannot be given 1, the next New Entrant in the sequence which is “D” will get the balance 1 block. As the provision of topping up is available to meet the requirements of the*

new entrants, the number of Blocks for “D” which will be considered as Provisional Winning Blocks will be 4.

Based on the determination of the Provisional Winning Blocks, the Provisional Winning Bidders who had submitted the same would be identified and ranked.

Please note that if there is no new entrant bidder in the sequence at the current Clock Round Price, the Provisional Winning Blocks of the Provisional Winning Bidders of the previous Clock Round will be considered.

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

****** *It is very important to note that the Provisional Winning Blocks should not be construed as any particular spectrum / frequency. The Provisional Winning Blocks are determined only to identify the Provisional Winning Bidders during the Clock Round and the Winning Bidder at the end of the Auction. The frequency identification & assignment will be independent process which will be initiated after the completion of the auction.*

7.3.6 Prices and Price Increments

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

At the end of a Clock Round, Excess Demand in a service area is defined to be:

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

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

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

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

Some examples of the calculation of excess demand are cited below:

Example – 1:

Round No. 10		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	New Bidder-1	4	4
2	Existing Bidder-1	2	2
3	Existing Bidder-2	2	2
4	New Bidder-2	5	0
Demand for Clock Round No. 10 = 13		13	→ Will be considered as positive as total demand at clock round price of Rs.100 is 13.
Excess Demand @ Clock Round Price of Rs. 100 is 5			
Clock Round Price for Round No. 11 will be increased from Rs. 100 to a new value which will be (Rs. 100 + a strictly positive price increment).			

Example – 2:

Round No. 10		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	New Bidder-1	4	4
2	Existing Bidder-1	2	2
Demand for Clock Round No. 10 = 6		6	→ Will be considered as negative as total demand at clock round price of Rs.100 is 6.
Excess Demand at Clock Round Price of Rs. 100 is -2.			
Clock Round Price for Round No. 11 will be same at Rs. 100 due to Negative Demand.			
Round No. 11		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	Existing Bidder-2	2	2
Demand for Clock Round No. 11 = 2		2	→ Will be considered as Positive as the total demand at

Excess Demand at Clock Round Price of Rs. 100 is 0.	Clock Round Price of Rs. 100 is 8.
Clock Round Price for Round No. 12 will be increased from Rs. 100 to a new value which will be (Rs. 100 + a strictly positive price increment).	

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

7.3.7 Winning Bidders and Winning Prices

The final clock round will be the first clock round in which:

- The Activity Requirement is 100%; and
- For every Service Area, there is no bid submitted by any bidders.

The Provisional Winning Price in any particular Service Area at the end of the final Clock Round will become the Winning Price for the respective Service Area, and Provisional Winning Bidders will become Winning Bidders. Winning Bidders will be required to pay the Winning Price for the Service Area(s) they have won. The Winning Price per block for all the Winning Bidder(s) will always be same. The Winning Price to be paid by a Winning Bidder may be less than or equal to his highest bid (but never greater than) for that particular Service Area.

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

7.3.8 Top-up facility

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

It can be concluded that Top-up will only be utilized in the case of excess demand being positive and is never used, in any form, to calculate the excess demand for a particular Service Area. It is also to be noted that top-up is used only for the allocation purpose and only to a New Entrant so as to make a minimum allocation of 4 blocks.

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

Some examples of the usage of top-up is cited below:

<u>No Top up Used</u>			
Rank	Bidder Name	No. of Blocks for which bid Submitted	No. of Blocks allotted as a Provisional winning Bidder
1	Existing Bidder – 1	2	2
2	New Bidder – 1	4	4
3	Existing Bidder – 2	2	2
4	New Bidder – 2	4	0

<u>3 blocks used for Top up</u>			
Rank	Bidder Name	No. of Blocks for which bid Submitted	No. of Blocks allotted as a Provisional winning Bidder
1	Existing Bidder – 1	2	2
2	New Bidder – 1	4	4
3	Existing Bidder – 2	1	1
4	New Bidder – 2	4	1 + 3

<u>2 blocks used for Top up</u>			
Rank	Bidder Name	No. of Blocks for which bid Submitted	No. of Blocks allotted as a Provisional winning Bidder
1	Existing Bidder – 1	2	2
2	New Bidder – 1	4	4
3	New Bidder – 2	4	2 + 2

7.3.9 Length of Clock Rounds and Extension Periods

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

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

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

A Clock Round will be for a minimum duration of 1 hour (60 minutes). The auction will go to the extension mode as per the bids which are submitted by the bidder.

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

- Selection of Service Areas – “Yes / No”, depending on whether the bidder is interested to submit his bid for a particular Service Area.
- Number of Blocks – Depending on whether the Bidder is a New Entrant or an Existing Telecom Provider, bid can be submitted to a minimum of 4 and a maximum of 5 for a New Entrant and a minimum of 1 and a maximum of 2 for an Existing Telecom Provider respectively.

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

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

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

It would be the respective bidder’s responsibility to ensure that their bids are received by EAS prior to the end of the Clock Round. For the purposes of determining whether or not a Bid is received prior to the end of the Clock Round, the EAS must receive the Bid submission by the

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

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

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

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

The bidders are requested to note that it is necessary & mandatory for the respective bidders to check & submit a bid, even if the respective bidder is a Provisional Winning Bidder that would entail it retaining its current eligibility even if it made no New Bids in the current round. In case of a bidder failing to do so within the initial finishing Clock Round, the extension would be triggered & the same would be deducted from the Total Extension Budget available to the respective bidder. Further, even if the bidder happens to be in a position such that no New Bids could be made could be raised because of any of the two reasons as given below:

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

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

If the original finishing time of the Clock Round has been deferred by 60 minutes or if the Bidder's Extension Budget is exhausted, no further deferral of the Clock Round finishing time will be possible. In this case, if no Bid submission is logged by the EAS prior to the end of the Clock Round; the EAS will proceed as if the relevant Bidder entered no New Bids. As a consequence, the Bidder's eligibility in the following Clock Round will be calculated based on the eligibility linked to its Provisional Winning Blocks at the end of the previous Clock Round

and the Auction Activity Requirement in the current round. It could also happen that the bidder is not able to participate further in subsequent Clock Rounds due to non-availability of sufficient Eligibility points as a result of this non-submission of bid.

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

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

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

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

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

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

7.4 Frequency Identification Stage

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

7.5 Information Policy

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

- A list of pre-qualified Bidders;
- The information provided in these Bidders' applications about their ownership structures;

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

- The amount of EMD provided by the Bidder; and
- The number of Initial Eligibility points granted to each Bidder as a result of its EMD.

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

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

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

- The Provisional Winning Price in each Service Area at the end of the last completed Clock Round;
- The Provisional Winning Blocks (if any) held by the respective Bidder in each Service Area(s) at the end of the last completed Clock Round;
- The price at which any such Provisional Winning Blocks were allocated to the Bidder as a Provisional Winning Bidder;
- The rank of the Bidder at the end of last completed Clock Round where the Bidder has submitted a bid;
- Total number of Eligibility Points available to the particular Bidder for the next Clock Round.

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

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

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

- That the last completed Clock Round was the final Clock Round;
- The Winning Prices; and

- The identities of the Winning Bidders.

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

7.6 Collusion and other Prohibited Activities

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

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

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

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

Table 7-A: Availability of Spectrum for Auction in 1800MHz band			
S.No.	Service Area	No. of blocks of 1.25MHz (paired) with provision of Guard Band	No. of 1.25MHz (paired) blocks (max. upto 3 Nos.) wherever available after reserving spectrum for refarming against allocation in 900MHz band for the licenses expiring during 2014 to 2016
1	Delhi***	8	NIL
2	Mumbai***	8	NIL
3	Kolkata	8	3
4	Maharashtra	8	2
5	Gujarat	8	NIL
6	Andhra Pradesh	8	3
7	Karnataka	8	3
8	Tamil Nadu	8	3
9	Kerala	8	3
10	Punjab***	8	NIL
11	Haryana	8	2
12	Uttar Pradesh (W)***	8	2
13	Uttar Pradesh (E)***	8	NIL
14	Rajasthan*	8	NIL
15	Madhya Pradesh	8	3
16	West Bengal***	8	3
17	Himachal Pradesh**	8	NIL
18	Bihar**	8	2
19	Orissa	8	3
20	Assam**	8	3
21	North East	8	3
22	Jammu & Kashmir	8	3
*	<i>Spectrum not available in 11 districts namely Bikaner, Barmer, Bharatpur, Dausa, Ganganagar, Hanumangarh, Jodhpur, Jaipur, Jaisalmer, Jalore & Sirohi</i>		
**	<i>One contiguous 5MHz (4 x 1.25MHz) slot is partially available.</i>		
***	<i>One contiguous 5MHz (4 x 1.25MHz) slot is not available</i>		

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

Table 7-B		Service Areas, Reserve Price, Deposits required and Eligibility Points for e-auction of Spectrum in 1800MHz Band.			
Sl. No.	Name of Telecom Circle / Metro Service Area	Areas Covered	Reserve Price per Block per Service Area (Rs. Crore)	Required Deposit per Block per Service Area (Rs. Crore)	Eligibility Points per Block
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	25.84	8.50	10
2.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	286.91	43.00	50
3.	Assam	Entire area falling within the State of Assam.	8.67	2.75	3
4.	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No. 30 of 2000) dated 25 th August, 2000.	42.51	8.50	10
5.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	224.84	43.00	50
6.	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	46.52	8.50	10
7.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	7.78	2.75	3
8.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	6.33	2.75	3
9.	Karnataka	Entire area falling within the State of	330.12	43.00	50

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

		Karnataka.			
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	65.30	14.00	16
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Re-organization Act, 2000 (No. 28 of 2000) dated 25 th August, 2000.	53.99	14.00	16
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	262.81	43.00	50
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	8.84	2.75	3
14.	Orissa	Entire area falling within the State of Orissa.	20.27	8.50	10
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.	67.28	14.00	16
16.	Rajasthan	Entire area falling within the State of Rajasthan.	67.08	14.00	16
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.	306.09	43.00	50
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	107.41	14.00	16

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

		will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25th August, 2000.			
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	76.17	14.00	16
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.	693.06	86.00	105
21.	Kolkata	Local Areas served by Calcutta Telephones.	113.72	14.00	16
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.	678.45	86.00	105

Note:

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

Excess Demand	Price Increment as a Percentage of previous Clock Round Price
Less than ZERO (Negative)	0%
0	1%
1	1%
2	2%
3	3%
4	4%
5	5%
6	6%
7	7%
8	8%
9	9%
10 or more	10%

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

Sl. No.	Service Area	Maximum Price Increment per Block per Round (In Rs. Crore)
1.	West Bengal	8.50
2.	Andhra Pradesh	43.00
3.	Assam	2.75
4.	Bihar	8.50
5.	Gujarat	43.00
6.	Haryana	8.50

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

7.	Himachal Pradesh	2.75
8.	Jammu & Kashmir	2.75
9.	Karnataka	43.00
10.	Kerala	14.00
11.	Madhya Pradesh	14.00
12.	Maharashtra	43.00
13.	North East	2.75
14.	Orissa	8.50
15.	Punjab	14.00
16.	Rajasthan	14.00
17.	Tamil Nadu	43.00
18.	Uttar Pradesh (West)	14.00
19.	Uttar Pradesh (East)	14.00
20.	Delhi	86.00
21.	Kolkata	14.00
22.	Mumbai	86.00
<p>** 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.</p>		

8 Spectrum in 800MHz band – Auction Rules

8.1 Conduct of the Auction

The e-auction (online auction) will be conducted over the internet using the web browsing software, IE 9.x / Mozilla 13.x / Google Chrome 20.x, wherein only the pre-qualified bidders will be allowed to participate.

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

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

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

Note: Each pre-qualified bidder can access the EAS from a maximum of four (4) different Public Static IP Address. The pre-qualified bidders need to submit the same in the format as mentioned in Annexure – 11.5.7 along with a soft copy of the Public Key of the Digital Signature Certificates of the authorized personnel. Alternatively, if required, the Auction Administrator can request the public key to be mailed to eas@abcProcure.com to map the authorized participants in the EAS.

8.2 Overview of the Auction Stages

In 800MHz band, three (3) blocks each of 1.25MHz (paired) will be put for auction in each of the Service Areas (SAs). In addition, a provision is also made for Spectrum of up to 1 block of 1.25MHz, wherever available, to meet the requirements of new entrants for topping up the 3 blocks of spectrum put up for auction, i.e. up to a total of 4 blocks each of 1.25MHz if such an exigency arises. The number of blocks available for topping up for each Service Area is given in the Table 8-A. The allotment of the top up blocks during the Clock Rounds to the Provisional Winning Bidders, and to the final winner after the auction can vary for each Service Area depending on the respective ranking of the New Entrant(s). The same is explained in detail in Section 8.3.8.

The bidders will be categorized into two segments for each Service Area:

- **Existing Telecom Service Provider:** - A bidder who is an existing telecom service Provider in a Service Area will be allowed to bid for 1 block of 1.25MHz in that particular Service Area.
- **New Entrant:** - A bidder who is a New Entrant in a Service Area will be required to bid for a minimum of 2 blocks each of 1.25MHz for that particular Service Area. The same bidder will also be allowed to bid for 1 additional block of 1.25MHz in this particular Service Area.
 - ** *A New Entrant bidder can be allotted a minimum of 2 blocks as a Provisional Winning Bidder / Final Successful Bidder, even if he has submitted bid for 3 blocks. Top up facility will be utilized only for the allotment up to a maximum of 2 blocks as a Provisional Winning Bidder / Final Successful Bidder, even if he has submitted his bid for 3 blocks.*

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

- a) **Clock Stage:** This stage will establish the number of block(s) to be awarded to the Bidders in each of the service areas. In this stage, in each service area, bidders will bid for blocks of spectrum of 1.25MHz each as per their respective permissible limit depending on their categorization. The Clock Stage will consist of a number of rounds. These rounds will stop once:
- i) For every Service Area, there is no bidding activity; and
 - ii) There are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the auction can close are described in Section 8.3.7)

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

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

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

8.3 *The Clock Stage*

8.3.1 **Overview**

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

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

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, discussed in Section 8.3.9.

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 per Block in each Service Area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 8.3.6) in the previous completed Clock Round. The excess demand will be determined by the total number of blocks for which the prices have been quoted, with respect to the total number of blocks available for each service area for a particular Clock Round Price (which may be the same for more than one round).

The following rules would be applicable to determine the Clock Round Price other than the first round:

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

At the end of the final Clock Round, the Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded the number of allocated blocks in each Service Area at the Winning Price.

8.3.2 Bidding during Clock Rounds

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

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

The bidder will have the option to select “Yes / No” against each Service Area to reflect the interest to bid in that particular Round. On selection of “Yes”, the bidder will have the option to select the Number of Blocks for that respective Service Area. The overall selection of the Service Areas and the Number of blocks in the selected Service Areas would be restricted on the following factors:

- The total value of the EMD of the number of blocks in the selected Service Areas should be equal to or less than the EMD deposited by the bidder;
- Availability of sufficient Eligibility Points

All the Bidders have to submit their respective decision in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 8.3.9.

All the bids which the bidder submits would be subject to the Activity Rules described in Section 8.3.4.

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

8.3.3 Eligibility Points and Deposits

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

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

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

Any bidder, who is a New Entrant, is able to bid to a maximum of 3 Blocks per Service Area, the maximum EMD which needs to be paid would be Rs. 2,052.00 Crore (considering that the Bidder is a New Entrant for all the 22 Service Areas & submits the EMD for the same).

Any bidder, who is an Existing Telecom Service Provider, is allowed to bid for 1 Block per Service Area (considering that the Bidder is an Existing Telecom Service Provider in all Service Areas), the maximum EMD which needs to be paid is Rs. 684.00 Crore.

Please note a bidder could be a New Entrant in some of the Service Areas and could be an Existing Telecom Service Provider in the other Service Areas.

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

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

8.3.4 Activity Rule

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

- In the First Clock Round, the sum of the EMD requirements associated with the service areas where the Bidder places a Bid for a block;
- After the First Clock Round, the sum of:
 - (i) The EMD requirements associated with the Number of Blocks in those Service Areas in which the Bidder has been determined to be a Provisional Winning Bidder

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and

- (ii) The EMD requirements associated with the Number of Blocks in those Service Areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”)

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

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

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

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

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

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

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

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

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

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

8.3.5 Ranking of Bidders and Provisional Winning Bidders

For the purpose of determining the Provisional Winning Bidders in each Service Area, the Bids received in a Service Area for the number of blocks will be ranked at the end of each Clock Round. This ranking process is undertaken separately for each service area. For determining the Provisional Winning Bidders, the first process would be to identify the Provisional Winning Blocks at the end of each Clock Round. The Provisional Winning Bidders would be ranked using the following criteria;

- 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, ranking will be in ascending order according to the Clock Round when the Bid was submitted for a particular Service Area (thus, Bids submitted in earlier Clock Rounds take precedence);
- Where there is a tie according to the first two criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

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

Where a Service Area that has 3 blocks put up for auction, the different conditions under which the Provisional Winning Blocks are determined are as follows:

- a) If the number of blocks for which the bids have been received is less than 3, in which case all the blocks will be considered as Provisional Winning Blocks. Due to demand being negative, to determine the Provisional Winning Blocks equal to a minimum of 3, the bids of the bidders in the previous round, in sequence of ranking will be considered. Only in the case of first round where the demand is negative, the number of Provisional Winning Blocks will be less than 3.
- b) If the number of blocks for which the bids have been received is equal to 3, in which case also all the blocks will be considered as Provisional Winning Blocks.
- c) If the number of blocks for which the bids have been received is greater than 3, in which case the bids received for the first 3 blocks according to their ranking will be considered for Provisional Winning Blocks.

Based on the determination of the Provisional Winning Blocks, the Provisional Winning Bidders who had submitted the same would be identified and ranked.

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

****** *It is very important to note that the Provisional Winning Blocks should not be construed as any particular spectrum / frequency. The Provisional Winning Blocks are determined only to identify the Provisional Winning Bidders during the Clock Round and the Winning Bidder at the end of the Auction. The frequency identification & assignment will be independent process which will be initiated after the completion of the auction.*

8.3.6 Price and Price Increments

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

At the end of a Clock Round, Excess Demand in a service area is defined to be:

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

Hence, Excess Demand is calculated based on the number of Blocks for which bids have been made for a particular Service Area at the Clock Round price of the last completed round,

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

regardless of whether the same was made in the last round or even prior to the last round. However, Excess Demand does not count any Bids made at a price strictly lower than the Clock Round price of the last completed round.

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

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

Some examples of the calculation of excess demand are cited below:

Example – 1:

Round No. 10		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	New Bidder-1	2	2
2	Existing Bidder-1	1	1
3	Existing Bidder-2	1	0
4	New Bidder-2	3	0
Demand for Clock Round No. 10 = 7		7	→Will be considered as Positive as the total demand at clock round price of Rs. 100 is 7.
Excess Demand at Clock Round Price of Rs. 100 is 4.			
Clock Round Price for Round No. 11 will be increased from Rs. 100 to a new value which will be (Rs. 100 + a strictly positive price increment).			

Example – 2:

Round No. 10		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	New Bidder-1	2	2
Demand for Clock Round No. 10 = 2		2	→Will be considered as Negative as the total demand at clock round price of Rs. 100 is 2.
Excess Demand at Clock Round Price of Rs. 100 is -1.			

Clock Round Price for Round No. 11 will be same at Rs. 100 due to Negative Demand.			
Round No. 11		Clock Round Price = Rs. 100	
Rank	Name of Bidder	Number of Blocks for which Bids have been submitted	Number of blocks allocated as a Provisional Winning Bidder
1	Existing Bidder-2	1	1
Demand for Clock Round No. 11 = 1		1	→ Will be considered as Positive since the demand is calculated for a Clock Round Price
Excess Demand @ Clock Round Price of Rs. 100 is 0.			
Clock Round Price for Round No. 12 will be increased from Rs. 100 to a new value which will be (Rs. 100 + a strictly positive price increment).			

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

8.3.7 Winning Bids and Winning Prices

The final clock round will be the first clock round in which:

- The Activity Requirement is 100%; and
- For every Service Area, there is no bid submitted by any bidders.

The Provisional Winning Price in any particular Service Area at the end of the final Clock Round will become the Winning Price for the respective Service Area, and Provisional Winning Bidders will become Winning Bidders. Winning Bidders will be required to pay the Winning Price for the Service Area(s) they have won. The Winning Price per block for all the Winning Bidder(s) will always be same. The Winning Price to be paid by a Winning Bidder may be less than or equal to his highest bid (but never greater than) for that particular Service Area.

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

8.3.8 Top-up facility

There is a provision for top-up up to 1 block of 1.25MHz each so as to make a minimum allocation of Two Blocks in the case of a new entrant. This will be applicable for each Clock Round and subject to a top-up of a maximum of One Block for each Service Area. As per the Auction Rules, if he is deemed to be a Provisional Winning Bidder for 1 Block due to Excess Demand in that Service Area, in which case the Blocks allocated at the end of this particular Clock Round for this bidder would be topped up with an additional 1 Block. This will ensure that

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

a New Entrant, if happens to be a Provisional Winning Bidder, will be allotted a minimum of 2 Blocks for that particular Service Area. Please note that the top-up facility will be activated only for New Entrants and for those Service Areas where the Bidder (New entrant) is a Provisional Winning Bidder.

It can be concluded that Top-up will only be utilized in the case of excess demand being positive and is never used, in any form, to calculate the excess demand for a particular Service Area.

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

Some examples of the usage of top-up are cited below:

<u>No Top up Used</u>			
Rank	Bidder Name	No. of Blocks for which bid Submitted	No. of Blocks allotted as a Provisional winning Bidder
1	Existing Bidder – 1	1	1
2	New Bidder – 1	2	2
3	Existing Bidder – 2	1	0
4	New Bidder – 2	2	0

<u>1 block used for Top up</u>			
Rank	Bidder Name	No. of Blocks for which bid Submitted	No. of Blocks allotted as a Provisional winning Bidder
1	Existing Bidder – 1	1	1
2	Existing Bidder – 2	1	1
3	New Bidder – 1	2	1 + 1

8.3.9 Length of Clock Rounds and Extension Periods

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

running of the Auction. Where the use of any of these facilities is to be exercised, advance notice, through the EAS, will be provided to Bidders.

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

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

A Clock Round will be for a minimum duration of 1 hour (60 minutes). The auction will go to the extension mode as per the bids which are submitted by the bidder.

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

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

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

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

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

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

After the end of a Clock Round, the results would be announced for the bids received for each of the Service Areas. If there is bidding activity in any service area and a further Clock Round is

required, this Clock Round will be scheduled and the start and finish times announced to Bidders through the EAS subject to at least 15 minutes' notice of the start of the next Clock Round.

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

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

The bidders are requested to note that it is necessary & mandatory for the respective bidders to check & submit a bid, even if the respective bidder is a Provisional Winning Bidder that would entail it retaining its current eligibility even if it made no New Bids in the current round. In case of a bidder failing to do so within the initial finishing Clock Round, the extension would be triggered & the same would be deducted from the Total Extension Budget available to the respective bidder. Further, even if the bidder happens to be in a position such that no New Bids could be made could be raised because of any of the two reasons as given below:

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

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

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

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. Please note that in case of any particular Bidder triggering an extension does not remove the requirement on other Bidders to submit Bids by the original deadline or to have their Extension Budget reduced if they have also failed to submit their Bids within the stipulated time. In particular, if more than one Bidder has failed to submit a decision by the original finishing time of a Clock Round, all such Bidders will either have the number of minutes

deducted from their Extension Budgets (or if they have exhausted their Extension Budget) deemed to have made no further Bids in the current round. Bidders that have already checked and submitted a decision prior to the original finishing time of the Clock Round will not be able to revise or modify their decision during an extension period.

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

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

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

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

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

8.4 Frequency Identification Stage

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

8.5 Information Policy

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

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

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

- The Clock Round price per Block in each Service Area in the last completed Clock Round;
- The total number of blocks for which bids have been received in each Service Area in the last completed Clock Round;

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

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

- The Provisional Winning Price in each Service Area at the end of the last completed Clock Round;
- The Provisional Winning Blocks (if any) held by the respective Bidder in each Service Area(s) at the end of the last completed Clock Round;
- The price at which any such Provisional Winning Blocks were allocated to the Bidder as a Provisional Winning Bidder;
- The rank of the Bidder at the end of last completed Clock Round where the Bidder has submitted a bid;
- Total number of Eligibility Points available to the particular Bidder for the next Clock Round.

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

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

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

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

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

8.6 Collusion and other Prohibited Activities

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

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

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

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

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

Note:

- (i) One block of 2.5MHz (paired) spectrum consists of two blocks of 1.25MHz spectrum, where one block of 1.25MHz spectrum signifies actual allotment of 1.23MHz (paired) spectrum as per the CDMA standard channeling plan.
- (ii) In order to optimize the availability of spectrum blocks, the guard band of 270/300 KHz have been used.

* Noncontiguous two carriers each of 1.25MHz (paired)

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

Table 8-B		Service Areas, Reserve Price, Deposits required and Eligibility Points for e-auction of Spectrum in 800MHz Band.			
Sl. No.	Service Area	Areas Covered	Reserve Price per Block per Service Area (Rs. Crore)	Required Deposit per Block per Service Area (Rs. Crore)	Eligibility Points per Block
1.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	33.59	11.00	9
2.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	372.99	55.00	50
3.	Assam	Entire area falling within the State of Assam.	11.27	3.75	3
4.	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No. 30 of 2000) dated 25 th August, 2000.	55.26	11.00	9
5.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	292.29	55.00	50
6.	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	60.47	11.00	9
7.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	10.11	3.75	3
8.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	8.23	3.75	3
9.	Karnataka	Entire area falling within the State of	429.16	55.00	50

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

		Karnataka.			
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	84.89	18.00	15
11.	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Re-organization Act, 2000 (No. 28 of 2000) dated 25 th August, 2000.	70.18	18.00	15
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	341.66	55.00	50
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	11.49	3.75	3
14.	Orissa	Entire area falling within the State of Orissa.	26.35	11.00	9
15.	Punjab	Entire area falling within the State of Punjab and Union Territory of Chandigarh and Panchkula town of Haryana.	87.47	18.00	15
16.	Rajasthan	Entire area falling within the State of Rajasthan.	87.20	18.00	15
17.	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union Territory of Pondicherry including local areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges.	397.92	55.00	50
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	139.63	18.00	15

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

		will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Reorganisation Act, 2000 (No.29 of 2000) dated 25th August, 2000.			
19.	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	99.02	18.00	15
20.	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.	900.98	112.00	105
21.	Kolkata	Local Areas served by Calcutta Telephones.	147.84	18.00	15
22.	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.	881.99	112.00	105

Note:

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

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

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

Excess Demand	Price Increment as a Percentage of previous Clock Round Price
Less than ZERO (Negative)	0%
0	1%
1	1%
2	2%
3	3%
4	4%
5	5%
6	6%
7	7%
8	8%
9	9%
10 or more	10%

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

Sl. No.	Service Area	Maximum Price Increment per Round (In Rs. Crore)
1.	West Bengal	11.00
2.	Andhra Pradesh	55.00
3.	Assam	3.75
4.	Bihar	11.00
5.	Gujarat	55.00
6.	Haryana	11.00
7.	Himachal Pradesh	3.75

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

8.	Jammu & Kashmir	3.75
9.	Karnataka	55.00
10.	Kerala	18.00
11.	Madhya Pradesh	18.00
12.	Maharashtra	55.00
13.	North East	3.75
14.	Orissa	11.00
15.	Punjab	18.00
16.	Rajasthan	18.00
17.	Tamil Nadu	55.00
18.	Uttar Pradesh (West)	18.00
19.	Uttar Pradesh (East)	18.00
20.	Delhi	112.00
21.	Kolkata	18.00
22.	Mumbai	112.00
<p><i>** 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.</i></p>		

Annexure C

Revised Eligibility conditions 1.1.3, 4.1.1 and 4.1.2

Auction of Spectrum in 1800MHz and 800MHz Bands – Queries & Responses

1. Recipients considering submitting applications to pre-qualify for the Auctions should note the following key points regarding eligibility:
 - i. Companies holding CMTS/ UAS licenses will be treated as ‘Existing licensee’;
 - ii. Companies (Not an existing licensee) eligible for grant of Unified License (Access Services) will be treated as ‘New Entrants’ and will have to obtain a Unified License (Access Services) and
 - iii. The companies/licensees whose licenses are slated to be quashed as per the direction of Supreme Court will be treated as ‘New Entrants’.
 - iv. Non-UASL/CMTS licensees may participate in the auction process as ‘New Entrant’. Such licensees, on being successful in auction, will need to obtain UL (Access Services) in addition to the licence held by them currently and will be eligible to migrate to final UL regime as and when it is announced, subject to such conditions as prescribed for such migration.
 - v. All existing Access Service licensees shall be treated as ‘New Entrant’ for the bidding in those frequency bands in which they do not hold spectrum at present in that particular service area. However, they shall be treated as ‘Existing licensee’ for the frequency band in which they hold the spectrum. For the limited purpose of this provision, 900 MHz and 1800 MHz will be treated as same band.
 - vi. UAS/CMTS licenses who hold spectrum in GSM (1800/900 MHz) or CDMA (800 MHz) band only in a particular service area are also allowed to participate in the auction of spectrum in other band in that service area as allowed to any other new entrant for the purpose of number of blocks and related conditions for spectrum assignment including conditions prescribed in respect of post auction provisions such as rollout obligation, PBG, FBG etc. Licensees, on being successful in auction, will be eligible to migrate to final UL regime as and when it is announced, subject to such conditions as prescribed for such migration.
 - vii. Licensees covered by the note under clause 1.4 of UAS licence condition are allowed to bid only for the spectrum band which they currently hold. For the limited purpose of this provision, 900 MHz and 1800 MHz will be treated as same band.
2. A Unified Licence (Access Services) can only be awarded to an Indian Company as per extant guidelines. In case of foreign participation in the bidder Indian Company, a maximum foreign equity of 74% as per extant guidelines will be permitted. It is clarified that award of spectrum does not confer a right to provide any telecom services and services can only be offered as per terms of the licence obtained by the New Entrant and the license of the existing licensee.