

# **Auction of Spectrum in 1800MHz and 900MHz Bands**

## **Queries & Responses To Notice Inviting Applications Dated 12<sup>th</sup> December 2013**

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

2<sup>nd</sup> January, 2014

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
1.	<p>The clause 2.1a (iii) specifies the each bidder wishing to acquire spectrum in 900 MHz band is required to bid a minimum of 5 blocks with a block size of 1 MHz, while in 1800 MHz Band the “Existing Licensee” can bid for 3 blocks with a block size of 200 KHz. This is unlike the March 2013 auction conditions.</p> <p>We request you to modify the NIA and allow Existing Licensees to bid for minimum of 1 block of 900 MHz to make it consistent with the earlier position taken by DoT, and also with the conditions for 1800 MHz spectrum specified in the current NIA</p>	No change in NIA Condition
2.	<p>a) Dot/EGoM should decide the reserve price for 800 MHz band on its own at the earliest</p> <p>b) 800 MHz spectrum band auction should be carried out simultaneously with 900 MHz and 1800 MHz spectrum bands</p> <p>c) The Reserve Price for 800 MHz spectrum band my kindly be derived based on revised reserve price for 1800 MHz spectrum by maintaining the ratio i.e. 0.65 times as finalized at the time of Auction in March 2013</p>	<p>a) and c): The TRAI recommendations have been sought on reserve price for 800 MHz spectrum.</p> <p>b) It has been decided to hold auction of spectrum in 1800 and 900 MHz band immediately.</p>
3.	<p>a) Approve at the earliest commercial usage of pending earmarked 3G spectrum frequency to Idea Punjab service Area, for which Dot has collected Rs. 322.01 Cr in 2010 and the frequency has been earmarked</p> <p>b) Further for January 2014 auction, please acknowledge that in case Idea cellular participates and successfully bids for 1800 MHz spectrum in service area of Punjab and Karnataka, in consonance with the objective and purpose of the auction and upon receiving valuable consideration/complying with standard Dot NIA norms, IDEA would be entitled to commercial use of the spectrum, without any impediments</p>	<p>a)This issue is not related to the present NIA</p> <p>b)The present terms and Conditions of the NIA are applicable for the Auction. The bidder is free to take its considered decision as the matter is sub-judice.</p>
4.	<p><b><u>Clarification 1 : Associated Licenses and New Entrant (Clause 3.1, 3.2 and 3.4 of NIA)</u></b></p> <p>It is submitted that:</p> <p>i) <b>VIL</b> is a Common Parent of all the other 7 companies (since it holds at least 26% shareholding, directly or indirectly, in each of the7 companies, which is the criterion mentioned in Clause 3.4 of the NIA). All these 7 companies are “Associated Licenses” under Clause 3.4 of the NIA.</p> <p>ii) Clause 3.4 of the NIA further states as follows:</p>	The terms and conditions are self-explanatory and does not require any change for this. Bidders and querist can take its commercial and considered decision in this respect accordingly.

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	<p>a. Associated Licensees corresponding to a single Common Parent shall be required to nominate a single entity (either one of the Associated Licensees or the Common Parent) which shall be authorised to bid on their behalf (the “Group Bidding Entity”).</p> <p>b. In case a Group Bidding Entity is declared the Successful Bidder in any service area and there is an Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to that Associated Licensee. In such a case, the Group Bidding Entity and the Associated Licensee shall both be jointly and severally liable for the performance of the Bid obligations. It is not possible to have more than one Associated Licensee in any service area.</p> <p>iii) The respective UAS Licenses of <b>VIL, VMSL and VEL</b> are expiring in November 2014 as per the NIA and Clause 3.2 (iii) of the NIA states that the “Bidders whose licenses are due for expiry in 2014 and their spectrum put to auction will also be treated as ‘New Entrants’.”</p> <p>We respectfully submit that in NIA the treatment as “New Entrant” or term “New Entrant” for licenses which are due for expiry in 2014 should only be for the aspect of acquisition of spectrum. Except this, the provisions regarding “New Entrant” in the NIA should only apply to a company which does not presently hold any license and is a fresh market entrant for access services.</p> <p>We submit that the UAS Licenses of VIL, VMSL and VEL are due for completion of tenure in November 2014, which is 11 months from now. All these companies are serious long term access service providers in their respective markets and have made huge investments in their networks and will continue to do so under their current licenses till the completion of tenure in November 2014 and thereafter under UL. These companies also hold 2.1GHz spectrum which they had won for 20 years in the 2010 auctions. Therefore, we respectfully submit conditions in the NIA that apply to existing licenses in the NIA must apply to them for the purpose of eligibility and application. For example, if the NIA does not have any networth condition for existing licenses it should not also apply to such companies whose existing licenses are due for completion in November 2014. Similarly all such companies should be eligible as existing licenses and can participate in the bid as either Group Bidding entity or</p>	

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	<p>Associated Licenses or Common Parent (applicable for VIL only).</p> <p><b>We request clarification on the above basis which will remove the ambiguity regarding eligibility of and bidding by licensees such as VIL, VMSL and VEL.</b></p>	<p>As per Clause 3.4, Common Parent or Group Bidding Entity is also allowed to bid and therefore no further clarification is required.</p>
5.	<p><b><u>Clarification 2: Undertaking to obtain UL in case of “New Entrant”</u></b></p> <p>In continuation of our earlier request, we submit that <b>if the Associated Licensee, Common Parent and/or even the Group Bidding Entity is/are/include company(ies) whose licenses are expiring in 2014 (as per NIA), then the Group Bidding Entity and the other respective company whose license is expiring in 2014(as per NIA) can give declaration that such company whose license is expiring in 2014 (as per NIA) will meet eligibility condition for UL including eligibility condition as defined in Clause 3.2(viii) of NIA regarding Networth and in Clause 3.2(x) regarding Paid Up Capital, then this should suffice DoT’s requirements. Since such company whose license is expiring in 2014 (as per NIA) will be either Group Bidding Entity itself or will be a Common Parent or an Associated Licensee, having a Common Parent, it will be meeting the conditions under Clause 3.4 of the NIA. In any case the Joint Undertaking to nominate Group Bidding Entity will be provided even for licenses which are existing but which are expiring in 2014.</b></p> <p>In this regard, we draw your attention to the draft undertaking as mentioned 8.3.4 of NIA (Page 91). <b>In our view this draft undertaking is not applicable in the above case. In any case it should be replaced by a simple joint undertaking by Group Bidding Entity and the Associated Licensee as suggested above.</b></p> <p>We specifically draw your attention to Clause ‘c’ of the said draft undertaking which states as follows:</p> <p>“(c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a Unified Licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum of at least 26% (“New Entrant Nominated Unified License Applicant”);”</p> <p>In the event such draft undertaking is applicable as per DoT for above mentioned cases then we request the following change in the wordings of this Clause (c) as</p>	<p>Undertaking at 8.3.3 has been amended and undertaking at 8.3.4 is deleted. Please refer Amendment No.2 to NIA.</p>

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	<p>stated below:</p> <p>“(c) That in case the Applicant (Group Bidding Entity) is declared a Successful Bidder in the Specified Service Area, its Nominator (Associated Licensee / Common Parent which will include such Associated Licensee / Common Parent company whose license is expiring in 2014 and which has signed Joint Undertaking) or where there is no Nominator then the Group Bidding Entity itself shall apply for a Unified Licence in the Specified Service Area.”</p> <p>Since under Clause 3.4 of NIA the Associated Licensees are licensees that are controlled by a single entity (the “Common Parent”) which also has at least 26%shareholding, directly or indirectly, in the respective companies (Associated Licensees), the minimum common shareholding concern is automatically met in the suggested change. The suggested draft of Clause (c) of the above mentioned draft undertaking addresses a valid situation where the such undertaking is to signed by a Group Bidding Entity, which may not be the Common Parent but is only an Associated Licensee under Clause 3.4 of NIA and where it’s another Associated Licensee/it’s Common Parent Company is one whose license for a Service Area is expiring in 2014 (as per NIA) and who has nominated Group Bidding Entity for that Service Area needs to continue its business under the Unified License. It is important to note that the continuation of the same company having Unified Access Service License expiring in 2014 (as per NIA) is important for various reasons, including that such company may have won 3G spectrum in 2010 auctions.</p> <p><b>For example, it will be valid if VWL is appointed as Group Bidding Entity by VIL, VMML and VEL (Companies whose metro licenses are due to expire in 2014 (as per NIA). Further , in such a case either the existing Joint Undertaking to nominate Group Bidding Entity (as mentioned in 8.3.5 of NIA) shall suffice. If undertaking as mentioned in 8.3.4 is further required then changes suggested in its Clause c of its draft along with any other other necessary change will be needed.</b></p> <p><b>We request clarity on this and request that our suggestion be considered.</b></p>	
6.	<p><b><u>Clarification 3: Network Definition and Applicability</u></b></p> <p><b>(i) Network to be as that defined in Amended Companies Act:</b></p>	<p>(i)The Network definition shall be in accordance with the guidelines for grant of Unified License</p>

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	<p>We respectfully submit that Network is not the criterion for the existing licensees in the NIA and as requested above it should, therefore, be not applied to licenses which are due for completion of their tenure in 2014. Only in view of general reference to the term Network in the NIA and other documents/licenses by the DoT, we request that definition of Network should be changed in the NIA/and other documents/licenses in light of amendments in the Companies Act applicable from September 2013.</p> <p>The Network is defined in the NIA on page 103 as “Sum total of paid-up equity capital and free reserves and surplus net-of accumulated losses.”</p> <p>Further the network definition in the Licence condition is also same as above.</p> <p>This above mentioned definition of Network in the Licence condition and NIA was same as under that Companies Act 1956 (Section 2(29A)), prior to enactment of the of the New Companies Act 2013 in September 2013.</p> <p>“Free Reserves” has not been defined in the Licence and NIA, therefore, its nearest explanation forming part of the Network definition under the Companies Act 1956 was referred which was as under:.</p> <p>“Net worth means the sum total of the paid up capital and free reserves after deducting the provisions or expenses as may be prescribed.”</p> <p><u>Explanation:</u> for the purpose of this clause, “Free Reserves” means all reserves created out of the profits and share premium account but does not include reserves created out of revaluation of assets, write-back of depreciation provisions and amalgamation</p> <p>Thus if observed the The “Free Reserves” definition in Section 2(29A) of the Companies Act, 1956, before the new Companies Act got enacted in September 2013 , included Share Premium Account.</p> <p><b>Thus, Share Premium Account was part of Free Reserves under the Old Companies Act, 1956 and therefore, Share Premium Account was in turn part of the Network.</b></p> <p>However in the new Companies Act 2013, “Free Reserves” definition does not include</p>	

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	<p>Share Premium Account. But the , <b>“Networth” has been defined specifically in the new Companies Act 2013 to include both Share Premium Account and Free Reserves.</b></p> <p><b>Thus, in light of the above and it is requested that Networth definition in Licence and NIA should be changed and it should be in consonance with and same as Networth definition in the New Companies Act 2013.</b></p> <p>The respective definitions under the old Companies Act, 1956 and the new Companies Act, 2013 are enclosed (Annexure A) for your ready reference.</p> <p>(ii) <b>Networth relevant only for actual “New Entrants” and is required for service area and not for each band - Refer Activity Rules (Clause 5.4.5 of NIA)</b></p> <p>Clause 5.4.5 of Activity Rules state as follows:</p> <p>“The participation of the bidders in the auction would be restricted by their net worth requirement which is to be met at the time of application for participation in the auction. The net worth requirement would be Rs. 100 Crore for each Service Areas <b>in each of the bands</b>, except for Jammu &amp; Kashmir and North-East where the same will be Rs. 50 Crores each. This net worth requirement is applicable in case of bidders categorized as “New Entrants” only.”</p> <p>It is submitted that networth requirement to be met at the time of application for participation in the auction is relevant for each Service Area by the actual New Entrant only, so that it is eligible to get UL later. This should not be relevant at this stage for the licensee which is due for completion of tenure in November 2014, which is 11 months from now.</p> <p><b>Further, the reference to Networth in Activity Rules is therefore not relevant as Networth criteria are at best linked to eligibility to get a UL. In any case Networth requirement depend on Service Area and the number of Service Areas. It is not dependent upon or is not determined by the bands. It is not required for each of the bands.</b></p> <p><b>Thus we request that the above mentioned para in Clause 5.4.5 be deleted, else at</b></p>	<p>(ii) Please refer to Amendment No.2 to NIA</p>

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	<p><b>least the words “in each of the bands” be deleted in that para.</b> The “New Entrants” will mean actual “New Entrants” and not the existing licensees whose licenses are due for completion of tenure in November 2014, which is 11 months from now.</p>	
7.	<p><b>Query 1: Interference to CDMA device in 850 MHz from LTE Device in 900 MHz</b></p> <p>Based on 3GPP recommendations, interference level for the CDMA handset is to be limited to -165 dBm/Hz to prevent adjacent channel interference.</p> <p>Considering the 3GPP specified scenario of 1-meter separation between the two handsets, and antenna gain and body loss of 20 db, the maximum isolation that can be achieved is -139 dBm/Hz. This does not pass the criteria of 3GPP and likely to cause interference in the CDMA hand set.</p> <p>How is DoT planning to address this issue?</p>	<p>Query 1: Appropriate filters are to be provided at the respective interface in the device/BTS.</p>
8.	<p><b>Query 2: Interference to LTE Base Station in 900 MHz from CDMA BTS in 850 MHz</b></p> <p>There is a separation on only 1.66 MHz from the CDMA channel No 594 (888.44 MHz) to the first block of 900 MHz spectrum being auctioned (starting from 890.1 MHz)</p> <p>The out of band emission of CDMA channel 594 will become in-band interference for the LTE 890.1 MHz band.</p> <p>This issue is less prominent in case of GSM, due to narrow channel nature of the technology. However as LTE being a wideband technology, interference issues are much more severe</p> <p>Hence LTE 900 deployment in first 5MHz block (890.1 MHz – 895.1 MHz) will face interference from CDMA BTS. This means that the first block of the 900 MHz may not be used for LTE Deployment.</p> <p>Kindly confirm.</p>	<p>Query 2: Appropriate filters are to be provided at the respective interface in the device/BTS.</p>
9.	<p><b>Clause 1.4 (Page No. 8), Time Table:</b> As per NIA, last date of application filing i.e. January 4, 2014 is a Saturday.</p> <p><i>Considering the fact that DoT, being a Government Organization remains off on Saturday, will application be accepted on 4<sup>th</sup> Jan. Would request DoT to clarify the</i></p>	<p>Time table has been amended. Please refer to Amendment No. 1 to NIA.</p>



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	<p><i>date and time.</i></p> <p><b>Further, we also earnestly request DoT to grant an extension for filing the application up to January 13, 2014 due to festival season (Christmas &amp; New Year) starting from this week.</b></p>	
10.	<p><b>Clause 6 (Page No. 72), Application withdrawal date:</b></p> <p>.....Withdrawal of Applications shall be allowed by means of a written request to the “Department of Telecommunications” <b>up to seven calendar days before the scheduled start of the Auction...</b></p> <p><i>NIA document allows withdrawal of the application ‘upto seven calendar days before the scheduled start of the auction’. Specific date and time is not mentioned as last date for withdrawal of the Application. This may lead to different interpretation on whether the auction day is inclusive/ exclusive of 7 days.</i></p> <p><i>Please clarify on the Application withdrawal date and time and include this in the timetable specified under Clause 1.4, page 8.</i></p>	Time table has been amended. Please refer to Amendment No. 1 to NIA.
11.	<p><b>Clause 5.7 Table 5-F (Page No. 67), Excess Demand: Table 5-F – Proportionate Price Increment rule</b> for e-auction of Spectrum in 1800MHz and 900MHz Band.</p> <p><i>During the Nov ’12 and Mar ’13 auctions the block size was uniform, 1.25 MHz across 1800, 900, 800 frequency bands. Hence the excess demands across bands were equal.</i></p> <p><i>However, in the present round of auction the block size is 1 MHz for 900 band and 0.2 MHz for 1800 band.</i></p> <p><i>For an excess demand of 1 MHz, the relative price increment as a percentage of previous clock round price would be 1% for 900 and 5% for 1800 bands.</i></p> <p><i>This may lead to an inflated escalation of price in the 1800 band by 5 times as compared to 900 and may lead to failure of auction in 1800 band since bidders will not be able to bid for such a high escalation. This will also be against specified auction rules in NIA.</i></p>	Please Refer Amendment No.2 to NIA

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	<p><i>DoT may suitably adopt the following Excess Demand criteria to bring parity between the different block sizes by suitably adopting 1:5 ratio to equate the block sizes in 900 and 1800 MHz band and accordingly issue necessary amendment in the NIA document.</i></p> <table border="1" data-bbox="310 414 1024 511"> <thead> <tr> <th><i>Band</i></th> <th><i>Block Size</i></th> <th><i>Excess Demand</i></th> <th><i>Price Increment</i></th> </tr> </thead> <tbody> <tr> <td><i>1800</i></td> <td><i>0.2 MHz</i></td> <td><i>0.2</i></td> <td><i>0.2%</i></td> </tr> <tr> <td><i>900</i></td> <td><i>1.0 MHz</i></td> <td><i>1</i></td> <td><i>1%</i></td> </tr> </tbody> </table>	<i>Band</i>	<i>Block Size</i>	<i>Excess Demand</i>	<i>Price Increment</i>	<i>1800</i>	<i>0.2 MHz</i>	<i>0.2</i>	<i>0.2%</i>	<i>900</i>	<i>1.0 MHz</i>	<i>1</i>	<i>1%</i>	
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<i>1800</i>	<i>0.2 MHz</i>	<i>0.2</i>	<i>0.2%</i>											
<i>900</i>	<i>1.0 MHz</i>	<i>1</i>	<i>1%</i>											
12.	<p><b>Clause 5.5 (Page No. 61), Spectrum Allocation – Frequency Identification Stage:</b></p> <p>Contiguous spectrum - ....allocation will be performed for bidders who have won a minimum of 5MHz spectrum. <b>All such bidder(s) will be considered for contiguous spectrum in order of their ranking, subject to availability of sets of contiguous spectrum.</b></p> <p><i>The present spectrum put to auction is liberalized, and a contiguous 5 MHz is required for deployment of higher technologies. Those TSPs who have won 5MHz in the Nov’12 auctions and wish to acquire incremental spectrum of 0.6 MHz or more should be allocated this incremental spectrum contiguous or closer to their existing spectrum holdings. As we add more transreceivers to add capacity by deploying Multiple Carrier Power Amplifiers to utilize the incremental spectrum to be acquired through Jan ’14 Auctions. TSPs will be severely restricted to use this incremental spectrum if the inter carrier spacing is &gt; 20 MHz from their existing 5MHz holdings. The value of incremental spectrum may come close to zero if it is separated from our existing 5MHz holdings.</i></p> <p><i>The incremental spectrum in tranches &lt; 5MHz will make it unusable for deployment of new technologies, which is the essence of the liberalized spectrum.</i></p> <p><i>Hence, the random assignment of frequency blocks in the frequency identification round is not the right approach. We propose that DOT should adopt an administrative assignment based on clear and transparent criteria:</i></p> <ol style="list-style-type: none"> <li><i>i. 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.</i></li> <li><i>ii. Inter-operator adjacencies in the frequency dimension should be minimized in each circle.</i></li> </ol>	<p>I to iv: Contiguity of incremental spectrum may be considered subject to availability and in coordination with existing service providers holding spectrum in that Band in the respective service area.</p> <p>v. Refer Para Non – Contiguous Spectrum, Section 5.5 of the NIA for reconfiguration and rearrangement of spectrum</p>												

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	<p>iii. <i>Inter-operator adjacencies in the geographical dimension should be minimized in each circle</i></p> <p>iv. - <i>The “overlap” between winners’ new assignment and their previous holdings should be maximized.</i></p> <p>v. - <i>DOT should support frequency reorganization in order to make the spectrum holdings contiguous post auction.</i></p>	
13.	<p><b>Clause 3.6.1 (Xiii) (a) (Page No. 22), Performance Bank Guarantee</b></p> <p>...Performance Bank Guarantee in prescribed format shall be submitted for the amount equal to <b>Rs. 35.00 Crores by the 'New Entrant' and Rs. 21.00 Crores by 'Existing Licensee' per Service Area valid for a minimum period of Six years before signing the License Agreement.</b> The validity period of PBG can be further extended by the licensor depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.</p> <p><i>In view of referred clause, DoT may clarify the following point wise-</i></p> <p>(a) <i>Whether clause (3.6.1 (xiii) (a)) will be applicable on those TSPs which have procured spectrum through Nov'12 and Mar '13 auctions. They are mandated DHQ and BHQ rollout obligations. TSPs have paid 35 Crores PBG towards rollout obligation, now for an incremental spectrum (0.6 MHz) whether an additional 21 Crores PBG is applicable on them. DOT may correct this clause and issue an amendment, that no additional PBGs are required to be submitted in that event.</i></p> <p>(b) <i>DoT may also consider the bank guarantee initially for 1 year, renewable annually upto 6 years. The guarantee shall be renewed 1 month before the expiry date. The necessary changes should be made in the NIA document.</i></p> <p><i>There is no clause for reduction of PBG amount upon completion of 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> phase of rollout obligation in the NIA document. DOT may issue the necessary amendment.</i></p>	Please Refer Amendment No.2 to NIA.
14.	<p><b>Clause 2.7 (Page No. 22), Spectrum Usage Charges</b></p> <p>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. <b>Spectrum usage charges shall be payable as per the slabs/ rates notified by the Government from time to</b></p>	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.

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	<p><b>time.</b></p> <p><i>As per NIA Document, slab wise spectrum usage charges have been prescribed as a percentage of the AGR. However, the industry was expecting that the DoT would correct the discrepancies in the current practice of levying spectrum usage charge and consider a flat SUC as opposed to an escalating charge. However, the recent NIA does not reflect the same.</i></p> <p><i>Further, TRAI vide its recommendations on “Valuation and Reserve Price of Spectrum” has also recommended a flat SUC of 3% for liberalized spectrum and 5% for administrative spectrum and there are media reports that EGOM has asked Telecom Commission to consider this recommendation.</i></p> <p><i>This exists an arbitrage for the same quantum of spectrum across different frequency bands.</i></p> <p><i>Hence, it is earnestly requested that DoT may consider the approach of rationalization of SUC and should move to the flat SUC regime. DoT may also clarify on the notification timeline for the flat SUC before start of auction as it will have a direct bearing on the valuation of spectrum over a 20 years period as well as impact the participation of bidders in the forthcoming auction.</i></p>	
15.	<p><b>Clause 3 (Viii) (Page No. 15) also 4.2.3 (d) (Page No. 29), Net Worth:</b></p> <p>..For participating in auctions, the net worth requirement would be Rs. 100 Crore for each service area except for J&amp;K and NE Service Areas, where it will be Rs. 50 Crore for each service area. The net worth shall mean the sum total, in Indian rupees, of paid up equity capital and free reserves and surplus net of accumulated Losses. <b>This net worth requirement is applicable in case of ‘New Entrants’. This net worth requirement is to be met at the time of application for participation in the auction.</b> The applicant shall submit a certificate to this effect (provided by the Company Secretary/Statutory Auditors of the Applicant Company and countersigned by the duly authorized Director of applicant Company) while applying for participation in auction.</p> <p><i>As per the NIA, the net worth is an eligibility condition for “New Entrant” only. It, therefore, appears that the applicants in Existing Licensee category need not to</i></p>	<p>The bidders are required to meet all the eligibility criteria as specified in the NIA including Net worth and Paid up capital for those service Areas where the Bidder is a New Entrant. Please refer Amendment No.2 to NIA</p>

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	<p><i>mention details and provide any certificate regarding net worth of the applicant or its promoters/shareholders under points 6 and 14 of the application form as such details/certificates would not be relevant for their application. Similar is the case for paid up capital.</i></p> <p><i>DoT may please confirm this understanding.</i></p>	
16.	<p><b>Note ix to the application format prescribed in Clause 8.3.1 of NIA, (Page No. 84)</b></p> <p>..... However net worth provided as on the date of last audited financial statement but not older than one year from the date of application will be accepted. The Company Secretary should certify that the company continues to meet the net worth requirement for participating in the auction as on date of application.</p> <p><i>From the referred clauses and notes it appears that an applicant under New Entrant category may either provide the net worth details as required in point 6 (net worth of promoters/ shareholders) and point 14 (applicants stand alone and combined net worth) as on the date of application or as on the date of last audited financials but not older than one year along with authorized signatory/ Company Secretary's certificate.</i></p> <p><i>DoT may please confirm the above.</i></p>	Please refer to Amendment No.2 to NIA.
17.	<p><b>Point 6(a) and 14 (a) to the application format prescribed in Clause 8.3.1 of NIA (Page No 80, 82)</b></p> <p>....(Note: 1. Complete break-up of 100% of equity must be given. Individual equity holding up to 5% of the total equity can be clubbed but Indian and Foreign equity must be separate. 2. <b>Details to be provided as on the date of application.</b> 3. Certificate from Company Secretary in respect of above details.)</p> <p><i>As per the application format, point no 14 (a), provision has been made that either the company secretary or authorized signatory is allowed to certify the net worth. Whereas note (1) to point no 6 (a) mentioned certification only from company secretary.</i></p> <p><i>DoT may extend the same provision to point no. 6 of the application format.</i></p>	Please refer to Amendment No.2 to NIA.

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No.	Query	Response
18.	<p><b>Clause 3.2 (xii) (Page No. 16), Lock-in Conditions:</b></p> <p>..There shall be a Lock-in period for equity of a person whose share capital is 10% or more in the bidding company/Group Bidding Entity/Associated Licensee/Nominee Company on the effective date of Unified License and whose net worth has been taken into consideration for determining the eligibility for bidding for spectrum, till completion of 3 years from the date of allotment of spectrum or till fulfillment of all the Roll-out obligations prescribed in the NIA, whichever is later. However, this is subject to revision in accordance with the Guidelines on Trading of Spectrum when issued.</p> <p><i>As per NIA document, the Lock-in period guidelines may be revised in accordance with issuance of the guidelines on Trading of Spectrum. However, DoT may kindly clarify the definition of “timeline of 3 yrs lock in period” point wise mentioned as below –</i></p> <p><i>i. Whether the 3 yrs period commences from</i></p> <ul style="list-style-type: none"> <li><i>• date of allotment of LOI for spectrum, or</i></li> <li><i>• date of right to use spectrum, or</i></li> <li><i>• effective date of Unified License ?</i></li> </ul> <p><i>ii. For applicants in Existing Licensee category, lock in requirement should not apply as ‘net worth’ requirement does not apply to them as the eligibility criteria for participation in the auction of spectrum pursuant to the NIA. Therefore, question of lock in on the promoters equity should not arise as their net worth is not required to be considered for eligibility. DoT may please clarify A TSP has acquired 5MHz liberalized spectrum in Nov’12 auction, thereafter the TSP acquires incremental spectrum 0.6 MHz spectrum in Jan ’14 auction. There should not be any extension to the existing lock-in period for such Existing Licensees applicant?</i></p>	<p>The Lock in period commences from the effective date as defined in NIA. Please refer to Amendment No.2 to NIA.</p>
19.	<p><b>Clause 2.3 (Page No. 13), Technology:</b></p> <p>...There are no restrictions on the technology to be adopted for providing services within the scope of the service license using spectrum blocks allotted through this auction. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services using spectrum blocks allotted through this auction within one month of obtaining the licence, if the technology happens to be other than GSM/CDMA/WCDMA.</p>	<p>Please refer to Amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>Clause 2.3 (iii) Page No 14</p> <p>...For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required to ensure that harmful interference is not caused to the already operating technologies either in the same band or in the adjacent bands.</p> <p><i>As per NIA document, there is no restrictions on the technologies to be adopted for providing services including 2G (GSM/CDMA), 3G, 4G,LTE and further clearance is not required from WPC wing of DoT before deployment of the same.</i></p> <p><i>DoT is requested to confirm the same.</i></p>	
20.	<p><b>Clause 2.3 (i) (Page No.14),</b></p> <p><b>.....Continuity of coverage, provisioning, delivery, quality of services in the network deployed with earlier technology.</b></p> <p><i>In case of migration from one technology to another technology since it is a liberalized spectrum, ensuring the adherence to QoS norms applicable for existing technology is not technically feasible. DoT may please clarify whether TSP has to adhere to the QoS norms of the new deployed technology only. The coverage guarantee can only be given for coverage under rollout obligations. Rest of the coverage pertains to business case and feasibility of individual operator.</i></p>	<p>For withdrawal of service, the conditions prescribed in the respective Service License are to be followed. Further, quality of service (QoS) is governed by respective TRAI regulations</p>
21.	<p><b>Clause 3.6 (Page No. 18-22), Rollout Obligation –</b></p> <p><i>The Licensee to whom the spectrum is assigned shall have network obligation to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross section of customers. “.....the rollout obligations as specified in the NIA using the spectrum band won in this auction process, shall be deemed as the essence of the contract and network must be rolled out.....”</i></p> <p><i>In view of emphasis given on timely fulfillment of rollout obligation and liquidated damages prescribed for nonfulfillment of rollout obligations, we request DoT to clarify the following queries point wise:</i></p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><b>(i) Clause 3.6.1 (iv) c) : .....mandatorily setting of Base Station (for example a BTS/node B/e-node B) in the Block Headquarters..</b></p> <p><i>DOT may clarify whether it is mandatory for new entrant and existing licensee to deploy base stations within the municipal limits of BHQ. In case the relaxation is provided, same may be uniformly given to new / existing licensee for having level playing field. In this context, it is also to mention that the subscribers need network coverage to avail telecom services irrespective of whether the telecom infrastructure is built inside BHQ municipal limits or on its periphery.</i></p> <p><b>(ii) Clause 3.6.1 (v): BHQ shall be taken as existing on the date of issue of NIA for auction of spectrum.</b></p> <p><i>Since the Roll out obligations compliance have now been extended to BHQ level coverage for TSPs, DoT should facilitate to provide the following information by amending the NIA document to preclude the possibility of any ambiguity on this issue</i></p> <p>–</p> <ul style="list-style-type: none"> <li>• <i>Total No. of BHQs in each Circle as on the date of issue of NIA for spectrum which will be the base for the purpose of identifying the BHQs.</i></li> <li>• <i>Names of the BHQs (district wise) in each Circle.</i></li> </ul> <p><i>The availability of maps at BHQs and marking of the geographical limits of the municipality on the roads may be difficult in smaller towns. This may lead to different perceptions during coverage testing between the representative of TSPs and TERM cells. This may further lead to imposition of Liquidated Damaged (LD) hence DOT may suitably amend the TSTP (Test Schedule and Test Procedure) document to this affect.</i></p> <p><b>(iii) Clause 3.6.1 (x): Date of registration by concerned TERM Cell is to be treated as date of meeting the rollout obligation in case of successful verification of the rollout network and coverage testing as per the TSTP for the purpose of compliance of the rollout obligation..</b></p> <p><i>In those instances where TSP has completed the registration with TERM cell before 30 days of the completion of 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> phase rollout obligation. Whether the TSTP document will be suitably amended to mandatorily complete the compliance testing by TERM cell within 30 days.</i></p>	<p>(i), (ii) and (iii) No change in NIA Condition</p>



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>In some instances, the TERM cells conduct compliance testing after 6 months or 1 year or even more) and cancel the registration making the TSP non-compliant leading to imposition of LD charges. Hence, it is imperative that the TERM cells should complete the verification of the coverage in a time bound manner. The outer time limit for all activities should be mentioned in the TSTP document for better clarity and transparency.</i></p> <p><i>The present TSTP was published when DHQ level rollout obligations were prescribed. Further, the number of BHQs are 10 times that of the DHQs, accordingly increase the work of TERM Cell many fold for carrying out certification at BHQs level. In order to ensure completion of verification in a time bound manner by TERM Cell as suggested in above para, it is recommended that the provision for submission of self-certification by TSPs confirming completion of rollout obligation for each phase separately with respective TERM Cell should be made and basis the same, TERM Cell may do sample testing to verify the same for 10% of the submissions before declaring the compliance to rollout obligations.</i></p> <p><i>In view of the above submissions, DoT/ TEC may simplify the test schedule &amp; procedure (TSTP) as suggested above and same should also be included appropriately in the NIA document by doing necessary amendment.</i></p> <p><b>(iv) Clause 3.6.1 (x) (c) - ...an average of all these delays would be taken for calculating the 'average SACFA delay'.....</b></p> <p><i>Since adequate number of sites are required to offer the BHQ/ DHQ level coverage. The networks in the smaller towns / rural areas are dependent on Microwave as the fibre presence is not available in these locations. The coverage cannot be provided unless all the sites in that chain have proper clearance including SACFA. Hence, the term 'Average SACFA delay' should be substituted by 'Maximum SACFA delay' among all BTS sites used for that particular phase of roll out obligations. DoT may clarify the same accordingly.</i></p> <p><i>Microwave is essential for rollout in BHQs, hence DOT may include this as a pre-requisite for rollout and amend the NIA accordingly.</i></p>	<p>(iv)Please refer amendment No.2 to NIA</p> <p>Microwave is not essential for Rollout and is not a pre requisite hence, no change in NIA Condition</p>
22.	<b>23. Clause 2.1 (page No. 13), Spectrum to be auctioned:</b>	No change in NIA Condition

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>“...Bid amount as mentioned above will be collected subject to the condition that the amount to be collected in future at the time of <b>providing balance spectrum would be the balance prorated bid amount indexed on the SBI PLR prevalent for the period between finalisation of bid price and actual allocation</b> made....</p> <p><i>We understand from NIA that at the time of providing balance spectrum, the balance prorated bid amount will be indexed on the “SBI PLR” prevalent for the period between finalization of bid price and actual allocation made.</i></p> <p><i>In this regard, we submit that PLR regime has been replaced with the Base rate. Therefore, PLR should be substituted with Base rate in the NIA document – DoT may kindly amend the same accordingly in the NIA.</i></p>	
24.	<p><b>Clause 4.5 (b) (i-iii) (v) (Page No.31), Payment terms:</b></p> <p>Deferred payment, subject to the following conditions:</p> <p>(i) - An upfront payment; of 33% in the case of 1800MHz band, and 25% in case of 900MHz; of the final bid amount shall be made within 10 days of declaration of successful bidders and final price;</p> <p>(ii) There <b>shall be a moratorium of 2 years for payment of balance amount of one time charges for the spectrum, which shall be recovered in 10 equal annual installments.</b></p> <p>(iii) - The 1st installment of the balance due shall become due on the third anniversary of the scheduled date of the first payment. Subsequent installment shall become due on the same date of each following year. Prepayment of one or more installments will be allowed on each annual anniversary date of the first upfront payment, based upon the principle that <b>the Net Present Value</b> of the payment is protected.</p> <p><u>FBG for Installment</u> The successful bidder shall securitize the annual installment for the deferred payment through a financial bank guarantee (FBG) of an amount of one annual installment. On payment of 1st installment and each installment thereafter, the financial bank guarantee shall be renewed for a further period of one year and submitted at least one month prior to the date of expiry of validity of the financial bank guarantee submitted earlier. <b>In case of non-renewal, the Financial Bank Guarantee will be</b></p>	<p>(i) No change in NIA Condition</p> <p>(ii) <u>Illustration regarding maintaining Net Present Value (NPV) of pre-payments made :-</u> Suppose 1000 = value of each instalment ,</p> <p>2= number of years by which a particular instalment is being pre-paid,</p> <p>Since the interest rate being applied is 10%,</p> <p>so the amount to be pre-paid in respect of that instalment = <math>1000/(1+10/100)^2 =</math></p> <p style="text-align: center;">= 826.45</p> <p>If there are more than one instalments to be pre-paid, the total amount to be pre-paid would be sum total of each of such calculated amounts for each of the instalments, in</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><b>encashed and the amount kept as non-interest bearing deposit with the DoT till such bank guarantee is renewed and installment due is paid. Payment of due installment and renewal of Financial Bank Guarantee (FBG) shall be done by the successful bidder as per the schedule without the necessity for the DoT to raise any demand or notice for the same.</b></p> <p><i>i. As per earlier NIAs , fixed interest rate of 9.75% p.a. was specified whereas in this NIA, same has been increased by 0.25% making it 10% which will be an additional financial burden on TSPs without specifying any justification for the same. Further, this rate was not linked to any benchmark rate. We should benchmark the interest rate with 10 year Government bonds yield which is below 9%. DoT may kindly consider our request and issue necessary clarification.</i></p> <p><i>ii. DoT may please explain prepayment with relevant illustrations that Net Present value of the payment is protected.</i></p> <p><i>iii. The FBG for EMD and FBG for securitizing installment will be payable at Bank Guarantee issuing bank's branch at New Delhi .We understand that the format of above BGs will also remain same as in Nov 12. DoT may kindly clarify the same.</i></p>	<p>accordance with the number of years by which each of these instalments are being pre-paid.</p> <p>(iii)Refer Amendment No.2 to NIA</p>
25.	<p><b>Clause 4.6 (page no. 34), Facilitation for funding of telecom projects:</b></p> <p><b>The Tripartite Agreement (TPA) as in the UAS licenses may be modified appropriately to include 'Spectrum', to facilitate the funding of telecom projects.</b></p> <p>...For latest ECB guidelines, bidders are requested to visit RBI website..... <a href="http://www.rbi.gov.in">www.rbi.gov.in</a></p> <p><i>i. Reserve Bank of India (RBI) had prescribed few preconditions for financing of telecom firms secured by way of mortgage of spectrum to protect banks against potential defaults. Whether these concerns have been adequately taken care of? Whether mortgage of spectrum has been allowed as required by RBI?</i></p> <p><i>ii. In case the default occurs in lending secured by mortgage of spectrum by a licensee, would the Banks/Financial Institutions be allowed to trade spectrum to protect their interests with the help of DoT (particularly in view of clause 4.11 wherein the Government has decided in-principle to permit</i></p>	<p>TPA shall be modified. At present, spectrum cannot be Mortgaged. No further change required.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>Spectrum trading. However the detailed guidelines in this regards will be issued in due course)?</i></p> <p>iii. <i>We request DoT to provide the format of Tripartite Agreement (TPA) as an addendum to NIA before the start of the Auction.</i></p> <p>iv. <i>The ECB notification dated 26.11.2012 was applicable for ‘upcoming auction’. Thereafter there have been auctions held at November ‘12 and March ‘13 and now next round of auction is scheduled in January’14. DoT may clarify whether this ECB notification is applicable for Jan’14 auctions and other future auctions. We also request DoT to ask RBI to issue a clarification in this regard.</i></p> <p><i>DoT may clarify the above concerns adequately by issuing necessary amendment in the NIA Document.</i></p>	
26.	<p><b>Clause 8.3.2(2) (vi) (Page No. 88), Format for Earnest Money Deposit (EMD)</b></p> <p><b>The proposer withdraws its proposal during the period of its validity specified in notice.</b></p> <p><i>What does it mean? More clarity is required on this clause.</i></p>	The clause is self-explanatory and does not require any further clarification
27.	<p><b>Clause 3.3 (Page No. 16), Unified License – Key Features</b></p> <p>The Key features of the Unified License (UL) are available on the website of DoT</p> <p>“The proformas for PBG and FBG for UL has been changed since the last auction and also compared with UASL: <b>“In case where the Bank Guarantee issuing branch is not located at the station/city as required by the Licensor, any notice for invocation, sent by Licensor through Fax to the branch of the Bank issuing this Guarantee, with an ink signed copy to a local branch in the service area of the Licensee, namely ..... (to be designated by the bank at station/city prescribed by the Licensor) within the validity period shall be deemed to be a valid notice on the Bank for invocation of this Bank Guarantee.”</b></p> <p><i>We understand that the requirement is on account of the fact that administration activities related to license issued for a particular service area is done locally. However, request DoT to consider the consequences for the Service Providers using scheduled commercial banks which do not have branches in all the 22 service areas?</i></p>	No change in the NIA Condition

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>In fact many of the local banks have reduced their telecom exposure, and the international relationship banks of the operators have provided a significant portion of PBG and FBG for both UL and UASL. Such new requirements will drive cost up for the Service providers and will discriminate foreign investors at a time when the Government of India is trying to attract more FDI both in telecom and banking sector.</i></p> <p><i>Request DoT to reconsider the clause 7 of the Bank Guarantee format (Page 167 of Unified License) and modify the format accordingly. If not, request DoT to confirm whether it will introduce the same for other Licences under UASL/CMTS etc. for ensuring a level playing field, if not for the BG issuing banks, at least for the operators?</i></p>	
28.	<p><b>Clause 3.3 (page No. 16), Unified License – key features</b></p> <p>Refer Clause 3.1(ix) of Unified License guidelines dated 19 August 2013 quotes</p> <p>“The paid up equity capital shall be maintained during the currency of the License”</p> <p><i>The premise of Licensor is to that the applicant always maintains a minimum paid up equity throughout the period of the License.</i></p> <p><i>In view of the above, the word “minimum” is missing in the clause. DoT may amend the clause as suggested below:</i></p> <p><i>“The minimum paid up equity capital shall be maintained during the currency of the License”.</i></p>	The clause is self-explanatory and does not require any further clarification.
29.	<p><b>Point 7 of the Application format (Page No. 81) and Clause 8.3.3 (Page No. 90), List of UAS/ CMTS/ UL(AS)/ UL License(s) held by Applicant</b></p> <p>Refer Note to Point no. 7 of the application – Attach Undertaking that in case the Applicant is declared a Successful Bidder in any service area where it (along with its Associated Licensees) does not currently hold a UAS/ CMTS/ UL(AS)/UL licence, it will acquire a Unified Licence....</p> <p>Refer clause 8.3.3. Format for an <b>Undertaking for existing licensees in respect of each Service Area where neither the Applicant nor any of its Associated Licensees has an existing UAS/ CMTS/ UL(AS)/UL licence.....</b></p>	It is clarified that any Unified License holder will not be required to take another Unified License but is required to take authorization for Access services in Service Area where it does not have the required authorization. Please Refer Amendment No.2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>As per clause 3 (1) (iv) of Unified License Guidelines dated 19 August 2013, One Company can have only one Unified License. The applicant company can apply for authorisation for more than one service and service area subject to fulfillment of all the conditions of entry simultaneously or separately at different time.</i></p> <p><i>In view of the above, it is clear that the company (existing licensee) which has already obtained Unified License need not to obtain the same again after acquiring the liberalized spectrum in service area(s) where it was not holding any spectrum prior to the auction. Only access service authorization for those service areas where spectrum is acquired need to obtain as per the existing guidelines.</i></p> <p><i>Whereas as per NIA, it seems that even existing licensee having Unified License will have to submit an undertaking to obtain Unified License for which it has won the spectrum. This is against the above referred Guidelines for grant of Unified License wherein it is clearly mentioned that “one company can have only one Unified License”. DoT may please clarify that an existing licensee having Unified License with authorization of providing access service in some of the service areas will have to take only additional access service authorisation for such service area(s) and no need to get a new Unified License. Undertaking format may also be revised accordingly for such existing Licensee (Unified license holder).</i></p>	
30.	<p>If BWA Spectrum Licensee while meeting its roll out obligation as per NIA of BWA spectrum i.e. 2300 MHZ also provides coverage in some of the BHQs, will it be required to again cover those BHQs with 1800/900 MHz spectrum allocated through this auction ?</p>	<p>Roll-out Obligations of 3G/BWA spectrum and for spectrum won in the auctions of November 2012/March 2013 and this auction is to be met separately.</p>
31.	<p>As per NIA, after Clock Round stage the spectrum blocks shall be allocated automatically in frequency Identification Stage. <b>The rule set defined for such automatic frequency allocation software may kindly be shared.</b></p>	<p>Allocation of Spectrum will be conducted separately for Contiguous set(s) of 5 MHz and for Non-contiguous blocks of spectrum. The bidders who have won a minimum of 5 MHz spectrum at the end of the clock stage will be considered for the allocation of Contiguous Set(s) of 5 MHz spectrum in the order of their ranking. In the event, wherein those service areas, where contiguous spectrum of 5 MHz is available in full and partial, in which case, the bidders ranked higher will be considered for the full Contiguous spectrum followed by lower ranked bidders who will be considered for the partial contiguous spectrum.</p>

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No.	Query	Response
32.	<p>As per NIA for new entrant, it is mandatory to bid and get allocation for at least 5 MHz paired spectrum in either of the band. For use of spectrum in either of the bands for new technology applications like LTE, the requirement is of contiguous 5 MHz paired spectrum. Therefore, in the frequency identification stage if allocation of contiguous spectrum is not possible for a new entrant, <b>such bidder should have choice for not accepting spectrum allocation identified by Electronic Auction System (EAS)</b> and the next bidder can be made the provisional winning Bidder for the such frequency block.</p>	No change in the NIA condition.
33.	<p>Further, in NIA in clause 3.6.1 (h) for other than Metro Service area there is a comment that for metro service area the roll out obligation in the Metro LSAs, as provided in the existing UAS License, will have to be fulfilled.</p> <p>It needs to be clarified as to what is the roll out obligation requirement in Metro Service Area for the Unified Licensee.</p>	Please refer to Amendment No.2 to NIA.
34.	<p>As per Clause 3.6.1 (iii), the New Entrant is required to fulfil rollout obligation as provided in the Unified License. Clause 3.6.1 (iv) (a) specifies rollout obligation associated with the spectrum obtained in the auction in terms of BHQ coverage. However in Clause 3.6.1 (x), five phases of rollout obligation in terms of DHQ and BHQ coverage have been specified.</p> <p>Considering provisions of Unified License, we understand that for the New Entrant having / planning to obtain Unified License, the rollout obligation will comprise of only three phases i.e. Phase 3, Phase 4 and Phase 5 mentioned in Clause 3.6.1 (x). <b>Please validate our understanding.</b></p>	Please refer to Amendment No.2 to NIA.
35.	<p>In clause 2.3 of NIA regarding Technology, it is required that bidder shall provide details of technology proposed to be deployed for operation of its services using spectrum blocks allotted through this auction within one month of obtaining the license, if the technology happens to be other than GSM/CDMA/WCDMA.</p> <p>It is also mentioned in clause 2.3 that in case of change of technology, by the licensee it must be ensured that for use of technology other than GSM, CDMA, LTE and WiMAX, prior clearance will be required to ensure that harmful interference is not caused to the already operating technologies.</p>	Please refer Amendment No.2 to NIA

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	Spectrum allocation for BWA spectrum was held three and a half years back and LTE services are already operational in some of the service areas. As LTE and WiMAX is also a standard operating technology like GSM/CDMA/WCDMA and already recognised by the DOT, <b>it is submitted that the LTE and WiMAX technology should be included in clause 2.3 on page 13 along with GSM/CDMA/WCDMA. Please clarify.</b>	
36.	The second last bullet point in clause 3.7 specifies “Spectrum being allocated via this auction will be added with the spectrum already held for determining the slab for Spectrum Usage Charges” and as per the last bullet “Spectrum in 1800 MHz and 900 MHz will be added for determining the slab for Spectrum Usage Charges.” In order to avoid possible ambiguity, we request to merge both these bullets as below: “Spectrum being allocated via this auction will be added with the 1800 MHz and 900 MHz spectrum already held for determining the slab for Spectrum Usage Charges”	No change in NIA Condition.
37.	Could you please indicate the likely schedule for auction of spectrum in (i) 800 MHz band (ii) 700 MHz band; (iii) 900 MHz band in balance service areas; (iv) any other spectrum bands likely to be auctioned in next 1 to 2 years?	Schedule of subsequent Auction will be indicated from time to time
38.	How the rank of a “new entrant” winner is associated with the 5MHz block assignment in terms of the frequency? For example, will the 1st ranked bidder be allocated the first block of contiguous 5MHz i.e., block A out of 4 Blocks of contiguous spectrum of the band and so on? <b>Please clarify the logic for the assignment of the same.</b>	Allocation will be performed for bidders who have won a minimum of 5MHz spectrum. All such bidder(s) will be considered for contiguous spectrum in order of their ranking, subject to availability of sets of contiguous spectrum. Please refer NIA Clause 5.5
39.	In the Annexure 2A, please indicate the block naming for 1800MHz band in Andhra Pradesh Service Area.	Please refer Amendment No.2 to NIA
40.	There is an inconsistency in clause 4.2.4 and Clause 8.3.2 such as  Clause 4.2.4 Earnest Money Deposit state: “The Bank Guarantee shall be from a Scheduled Commercial Bank, and be <b>valid up to 31st July 2014</b> and extendable for a further period of six months at the request of DoT, in the prescribed format as given in Section 8.3.2 (Annexures)”  Para 4 of Clause 8.3.2 Format for Earnest Money Deposit state: “Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to <Amount in figures> and our Guarantee shall remain in force until <b>31<sup>st</sup> January 2015</b> from the date hereof. Unless a demand or claim under this	The clause is self-explanatory, no further clarification required.



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No.	Query	Response
	<p>Guarantee is made on us in writing within this date i.e. <b>31st January 2015</b>, all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities there under.”</p> <p><b>Necessary clarification may kindly be issued in this regard.</b></p>	
41.	<p>With reference to associated eligibility conditions as specified in clause 3.2, there may be bidders who will be participating as ‘New Entrants’ for both spectrum bands i.e. 900 MHz and 1800 MHz in Service Areas of Delhi, Mumbai and Kolkata. In such case would it be mandatory for such bidders to obtain minimum 5 MHz in both spectrum bands or <b>can it be 5 MHz minimum in one of the spectrum band (either 900 MHz or 1800 MHz) and less than 5 MHz in the other band?</b></p>	<p>New Entrant shall bid for 5 blocks each of 1 MHz in 900 MHz band or 25 Blocks of 200 KHz each in 1800 MHz band</p>
42.	<p>Please clarify whether the networth criteria as per clause 3.2(viii) and 4.2.3(d) has to be satisfied by the applicant company.</p> <p>Also please clarify that there is no need to consider the networth of the promoter in case the applicant company itself fulfils the minimum networth eligibility criteria.</p>	<p>Please refer to Amendment No.2 to NIA.</p>
43.	<p>“As per clause 2.3 of NIA, there are no restrictions on the technology to be adopted using spectrum allotted through this auction. However, if any bidder wants to deploy LTE in 900 MHz band, such deployment may be prone to interference issues due to the technology deployment in the adjacent band more particularly due to the present band separation for 800MHz CDMA downlink and the 900MHz LTE uplink which is as low as 1.66MHz in some cases. This can have implications in terms of</p> <ul style="list-style-type: none"> <li>• UE to UE Interference: Since the isolation level is much lower than what is required by the 3GPP and the UE’s guideline are out of control of the operator, there is possibility to have interference in the CDMA UE’s due to the LTE UE’s.</li> <li>• Base station to Base station Interference: In the absence of guard band, the Out of Band Emission (OOBE) of CDMA may cause interference to the LTE systems operating very near to the CDMA band. It may also be noted that the filter characteristics or requirement in case of wideband technology like LTE will be much different than prevalent narrow band technologies.</li> <li>• In view of above, how DOT will ensure that bidder’s free choice for technology selection as provided by the NIA is not limited due to interference issues?”</li> </ul>	<p>Appropriate filters are to be provided at the respective interface in the device/BTS.</p>

No.	Query	Response
44.	<p><b><u>Query 1</u></b></p> <p><b>Clause 3.6.1 xi a&amp;b Page no. 21 (Liquidated Damages)</b></p> <p>b) <i>At present, minimum 60 calendar days duration is prescribed for grant of SACFA clearance. While examining the compliance of rollout obligations, the average delay in grant of the SACFA clearance beyond the above mentioned prescribed duration shall be excluded from the duration set for each phase of rollout obligations in the clauses (iv) and (v)(a) above. For the purpose of calculating the delay in grant of SACFA clearance of individual Base Station site, the date of ‘WPC acceptance number’ for SACFA clearance application would be treated as the ‘start date’ and the date on which the SACFA clearance is granted in the online system of WPC would be considered as the ‘end date’. The difference between the ‘start date’ and ‘end date’ after excluding the above mentioned prescribed period would be considered as the delay in grant of SACFA clearance for that Base Station site for the limited purpose of calculating the delay in compliance of rollout obligations. If the SACFA clearance for a particular Base Station site has been granted within prescribed duration, then for that particular site, delay would be considered as ‘zero’ days.</i></p> <p>c) <i>After working out the delay in grant of SACFA clearance as per above mentioned procedure for each Base Station site offered for coverage testing, an average of all these delays would be taken for calculating the ‘average SACFA delay’ on the part of licensor. For the purpose of ‘average SACFA delay’ calculations, delay in grant of SACFA clearance of only those Base Station sites would be considered which are registered with TERM cell for coverage testing of that particular phase of rollout obligations.</i></p> <p><b>Please refer TDSAT Judgement dated 13-January 2013, last para page 127 of 153</b></p> <p><b>(ix) The term ‘average delay’ being indefinite and having regard to the purpose and object, for which the amount of penalty is sought to be levied, the time taken for SACFA clearance being not workable in all cases, the maximum delay therefore should be taken into consideration.</b></p> <p><b>Hence as per TDSAT judgement the term ‘average delay’ should be replaced by ‘maximum delay’ in the NIA</b></p>	<p>Please refer amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
45.	<p><b><u>Query 2</u></b></p> <p><b>Clause 3.2 (xii) Page 16 (Associated Eligibility and conditions)</b></p> <p><i><b>Lock-in Conditions:</b> There shall be a Lock-in period for equity of a person whose share capital is 10% or more in the bidding company/Group Bidding Entity/Associated Licensee/Nominee Company on the effective date of Unified License and whose net worth has been taken into consideration for determining the eligibility for bidding for spectrum, till completion of 3 years from the date of allotment of spectrum or till fulfillment of all the Roll-out obligations prescribed in the NIA, whichever is later. However, this is subject to revision in accordance with the Guidelines on Trading of Spectrum when issued.</i></p> <p><b>If an existing TSP (who got 5Mhz spectrum in 1800MHz band in a circle in previous auction i.e. Nov 2012) participates in the Jan 2014 auction for additional spectrum, whether his lock-in period will be counted from the original date of grant of UL(AS) or from the date of acquiring spectrum through current auction.</b></p>	Please refer to No.2 to NIA.
46.	<p><b><u>Query 3</u></b></p> <p><b>If a New Entrant is declared successful bidder in 900MHz band in January 2014 Auction for a LSA and pay the amount for spectrum as per NIA, how and when WPC will give spectrum to this New Entrant as the spectrum is held by the present TSPs till Nov 2014.</b></p>	Please refer section 4.7 and section 3.8 (c) of the NIA.
47.	<p><b><u>Query 4</u></b></p> <p><b>Clause 3.6.1 (xii a) Page 22 (Performance Bank Guarantee)</b></p> <p><i>Performance Bank Guarantee (PBG) in prescribed format shall be submitted for the amount equal to Rs. 35.00 Crores by the 'New Entrant' and Rs. 21.00 Crores by 'Existing Licensee' per Service Area valid for a minimum period of Six years before signing the License Agreement. The validity period of PBG can be further extended by the licensor depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.</i></p> <p><b>If an existing UL (AS) TSP (who got 5Mhz spectrum in 1800MHz band in a circle in previous auction i.e. Nov 2012 and already submitted PBG Rs. 35 crore per circle) participates in the Jan 2014 auction for additional spectrum, this additional PBG</b></p>	Please refer Amendment No.2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<b>should be zero.</b>	
48.	<p><b>Page 21 Clause 3.6.1 (xi) Liquidated Damages (LD)</b></p> <p>Existing licence conditions for LD is maximum of Rs. 7 crore whereas NIA states five separate phases of rollout obligations for the spectrum under auction</p> <p><i>Existing UASL/CMTS has a cap of INR 7 Cr for roll-out obligations. The proposed phase-wise LD is onerous and may be decremented as the phases are covered e.g. 7 Cr for phase 1, 6 Cr for phase 2 and so on.</i></p>	No change in NIA Condition. Please Refer Amendment No.2 to NIA.
49.	<p><b>Page 18 Section 3.6, Roll Out Obligations</b></p> <p>While calculating the delay for the purpose of rollout obligations, the delay due to factors beyond the TSP's control need to be excluded such as maximum no. of days delay at SACFA, delay while allocating backhaul spectrum, provisioning of POIs, RoW permission delays, LI testing delays, List of BHQs, maps etc.</p> <p><i>I. What if BHQ list is not shared by the state govt.? What if the maps are not published or provided by state govt., owing to national security reasons or otherwise?</i></p> <p><i>II. Availability of BHQ list is not under the control of TSP - as such any delay in its availability should be excluded while calculating the delay for the purpose of roll-out. Please confirm</i></p> <p><i>III. TDSAT judgment dated 13 Jan 2012 states that for calculation of delay in roll-out obligation, maximum SACFA delay should be considered instead of average delay. Same is not captured in the NIA. Please confirm</i></p> <p><i>IV. Could BHQs as per NIA roll-out obligations be from the same DHQs (with different town being selected to cover BHQ coverage as stipulated in NIA) which have been tested under existing UASL under present roll-out obligations?</i></p>	<p>I: No further Clarification is required.</p> <p>II: No further Clarification/change in NIA's condition is required.</p> <p>III: Please refer Amendment No.2 to NIA.</p> <p>IV: No change in the NIA condition.</p>
50.	<p><b>Pg.22 Clause 3.6.1 (xii) (a), Pg.22 Clause 3.6.1 (xii) (b),</b></p> <p>Performance Bank Guarantee (PBG) in prescribed format shall be submitted for the amount equal to Rs. 35.00 Crores by the 'New Entrant' and Rs. 21.00 Crores by 'Existing Licensee' per Service Area valid for a minimum period of Six years before</p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>signing the License Agreement. The validity period of PBG can be further extended by the licensor depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.</p> <p>The PBG may be released only after the complete testing/verification of the compliance of the rollout obligations by the licensor and the recovery of the LD, if any, up to last phase of rollout obligations</p> <ol style="list-style-type: none"> <li>I. DoT should link PBG separately to each phase and amount should be proportional to LD applicable for such phase as suggested above. Please confirm.</li> <li>II. In case answer to Q1 above is No, PBG should be reduced on fulfilling the respective phase of roll-out obligation</li> <li>III. DoT should provide a time bound plan for release of PBG post availability of test certificates leading to compliance of any specific phase of roll-out obligations</li> </ol>	<p>I: No change in the NIA Condition.</p> <p>II: No change in the NIA Condition.</p> <p>III: No change in the NIA Condition.</p>
51.	<p><b>Page 12 NOTE, Balance payments (as per the NIA)</b></p> <p>Balance will be collected as and when spectrum is made available in each district, the amount being pro-rated to the population of that district(s) (census 2011) and the balance period (of the 20 years). Amount to be collected in future at the time of providing balance spectrum would be the balance prorated bid amount indexed on the SBI PLR prevalent for the period between finalization of bid price and actual allocation made</p> <ol style="list-style-type: none"> <li>I. What will be the options for payment for the 'Balance Bid Amount' for the 'Balance Spectrum' in case of partial spectrum allotment?</li> <li>II. Will it be permitted as 'Staggered'?</li> <li>III. If answer to QII above is yes, then how would EMI be calculated on the day partial allocation is made? An illustration would be helpful.</li> <li>IV. Price of the partial spectrum should be kept same as determined in this auction, irrespective of any subsequent auctions or price discovered. Please confirm.</li> <li>V. To provide exit option after frequency identification stage in case an operator is allocated partial spectrum</li> <li>VI. Partial spectrum should be allocated within 2 years of close of</li> </ol>	<p>I: The payment options shall be same as exercised by the bidder earlier.</p> <p>II: Kindly refer to I above</p> <p>III: <u>Illustration regarding pro-rata calculation of instalments in case of Partial spectrum:-</u>            Suppose, in a service area with a population of 5000, spectrum is not initially available for district(s) with population of 1500 (population figures as per 2011 census). The spectrum becomes available after 5 years. Further, suppose that "20000" is the total price of the spectrum won</p>

Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>auction, else an exit option with refund should be provided to successful bidders</i></p>	<p>by the bidder for that service area and SBI PLR is 13%.</p> <p><u>Scenario 1:-</u> if the full upfront payment is the option chosen by the bidder, then</p> <p>Initial payment = <math>20000 \times \frac{(5000-1500)}{(5000)} = 14000</math></p> <p>Remaining amount to be taken = <math>20000 - 14000 = 6000</math></p> <p>Since remaining period of right of usage = 15 years,</p> <p>Hence, pro-rated amount for remaining period = <math>(15/20) \times 6000 = 4500</math></p> <p>This pro-rated amount to be indexed over 5 years using SBI PLR = <math>4500 \times (1 + 13/100)^5</math></p> <p style="text-align: center;">= 8290.96</p> <p>Thus upfront payment at the time of allotment of balance spectrum would be 8290.96.</p> <p><u>Scenario 2:-</u> If the deferred payment option was chosen by the bidder, then same methodology and tables given in the NIA (for ten instalments) would apply for calculating upfront payment and instalments (or values of annuities) for amount of present value 8290.96. This includes part upfront payment (33% of this amount), 2 year moratorium on payment of instalment, 10% rate of interest and 10 equal instalments (if 12 or more years are remaining in the right to usage period, otherwise lesser number of instalments would be allowed, upto the end of right of usage period of 20 years, with same rate of interest of 10%).</p> <p>IV: Confirmed, subject to conditions mentioned at page 12 NOTE.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
		<p>V: No change in the NIA Condition.                      VI: No change in the NIA Condition.</p>
52.	<p><b>Pg.23 Clause 3.7 bullet point 3,</b>                      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><i>Is the 5% of bid amount a quarterly or annual figure?</i></p>	<p>It is annual AGR, assessed quarterly.</p>
53.	<p><b>Clause 4.7 bullet 5,</b>                      In case of bidders that have existing UAS/ CMTS licenses in both Chennai and Tamil Nadu (excluding Chennai) service areas and in case the Group Bidding Entity is successful in the Auction for Tamil Nadu (including Chennai), then the bidders have to provide undertakings and appropriate Board resolutions of both the licensee companies (as applicable) confirming that UAS/ CMTS licenses of Chennai and Tamil Nadu (excluding Chennai) service areas shall be merged as per DoT letter no. 842-503/2005-VAS/5 dated 15th September, 2005 within a period of 2 years from the date of issue of LoI for spectrum won in this auction. The license fee payable for the merged service area of Tamil Nadu will be as per the prevalent instructions. A copy of the letter is available on the DoT website</p> <p><i>Request for an exemption if an existing operator who has already acted on such similar undertaking previously and / or has application pending with the DoT.</i></p>	<p>The existing operator who has already merged or has applied to DoT for the same, need not to submit the Undertaking in this respect.</p>
54.	<p><b>Pg.13 Note (2nd para),</b>                      In all partial allotment cases where the successful bidders are more than one, the post auction allocation of balance spectrum will be made to all the successful bidders, district wise simultaneously.</p> <p><i>Request you to make spectrum allocations as and when available to the successful bidder as per their rank and not wait for all spectrum to be made available. This especially impacts an existing operator more than a new operator.</i></p>	<p>No change in the NIA Condition.</p>
55.	<p><b>Page 15 Clause 3.2 (viii), Net Worth requirements (as per the NIA)</b>                      This net worth requirement is applicable in case of 'New Entrants'. This net worth requirement is to be met at the time of application for participation in the auction. The applicant shall submit a certificate to this effect while applying for participation in auction</p>	<p>If an existing licensee wishing to acquire spectrum through this auction in service areas where the bidder doesn't hold any spectrum will have to mention the Net worth in the relevant column. Net worth is to be indicated in respect of bidders whose licenses are going to expire in November</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>Since Net Worth is not applicable for Existing Licensee, will a 'Not Applicable' entry suffice in the application form (page 80, 82 -point 6 and 14)</i></p>	<p>2014 and are categorized as New entrants.</p>
56.	<p><b>Application form page 82, point 14,</b>            (Note: In case of existing licensees, if the Applicant's own net worth is sufficient to meet the specified net worth criteria in the Unified License guidelines, then it need not submit particulars required in 14(a).)</p> <p><i>Since Net Worth is not applicable for Existing Licensee, the applicant / promoter's own Net Worth need not be submitted by Existing Licensee. Please confirm.</i></p>	<p>The information in respect of Net worth is to be Provided. Please Refer Amendment No.2 To NIA.</p>
57.	<p><b>Pg.15 Clause 3.2 (x) &amp; Pg.29 Clause 4.2.3 (d) bullet 3,</b>            "(x) 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 ...equity for obtaining UL."</p> <p>I. <i>This clause should not apply to Existing Operators. Please confirm.</i>            II. <i>Also, what should the paid up capital be if the net worth of existing operator is negative?</i></p>	<p>I and II: Existing Licensees bidding for spectrum in service areas where they are not holding license/authorization are treated as New Entrants and applicable Eligibility conditions apply accordingly.</p>
58.	<p><b>Page 16 Clause 3.2 (xii), Lock-in conditions (as per the NIA)</b>            There shall be a Lock-in period for equity of a person whose share capital is 10% or more in the bidding company/Group Bidding Entity/Associated Licensee/Nominee Company on the effective date of Unified License and whose net worth has been taken into consideration for determining the eligibility for bidding for spectrum, till completion of 3 years from the date of allotment of spectrum or till fulfilment of all the roll-out obligations prescribed in the NIA, whichever is later</p> <p>I. <i>The NIA states (underlined portion of the text given on left side column) that lock-in period is for the equity of a person whose net worth has been taken into consideration for determining eligibility for bidding for spectrum. Since net worth eligibility is not applicable for Existing Licensees, thus no lock in condition applies to existing operator. Please confirm</i>            II. <i>Lock-in is 3 years of allotment or fulfillment of roll-out conditions. Roll-out conditions specify 5 years, hence in effect the lock-in appears as 5 years. Please confirm.</i>            III. <i>Will the lock-in period be applicable for licenses expiring in 2014?</i></p>	<p>I: Please Refer Amendment No.2 to NIA.             II: NIA conditions are self-explanatory.             III: NIA conditions are self-explanatory.</p>



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
59.	<p><b>Page 9 Clause 2.1 (a), Spectrum for auction (as per the NIA)</b>            Block size shall be of 200 KHz (Paired) in 1800 MHz Band and 1 MHz (Paired) in 900 MHz Band. Minimum number of blocks to be bid shall be 25 in 1800 MHz band for new entrant while existing licensee shall bid for minimum of 3 blocks in 1800 MHz band. Each Bidder is required to bid a minimum of 5 Blocks in 900 MHz Band</p> <p><i>It looks like both New Entrant and Existing Operator need to compulsorily bid 5 MHz in 900 MHz band. Can it be modified for existing operators to bid additional spectrum in multiples of 1 MHz?</i></p>	No change in NIA condition.
60.	<p><b>Page 9 Clause 2.1, Spectrum to be auctioned</b></p> <ol style="list-style-type: none"> <li><i>I. It must be confirmed by DoT that the spectrum being put to auction is free from any interference, domestic or otherwise. Please confirm.</i></li> <li><i>II. In case of any interference observed, DoT should also rescribe an approach to allocate alternate frequency or provide an exit path for the operator from the specific spectrum facing interference.</i></li> <li><i>III. Has DoT /WPC conducted any interference test on the spectrum put to auction? If yes, the reports should be made public.</i></li> </ol>	I, II and III: Cases of harmful interference, if any, are addressed in accordance with relevant Radio Regulatory provisions on case to case basis.
61.	<p><b>Page 34/35 Clause 4.7, Allotment of spectrum</b></p> <ol style="list-style-type: none"> <li><i>I. Within how many days of payment would the LOI be issued?</i></li> <li><i>II. There is no time period specified from the date of issuance of LOI to Spectrum allotment. Please specify the time line for allotment of spectrum.</i></li> <li><i>III. If the Spectrum Allotment is subsequent to the date of LOI, the Effective Date should be from the date of first allotment and not LOI date? Please confirm.</i></li> </ol>	I, II and III:NIA is self explanatory and No change in the NIA conditions.
62.	<p><b>Page 20/21 Clause 3.6.1 (x) &amp; 3.6.1 (xi) (b), Roll Out Obligations</b></p> <ol style="list-style-type: none"> <li><i>I. Is the date of application or registration/ confirmation the date taken for completion. Why is this not the date when submission request is made. Is this not contrary to TDSAT Judgment.</i></li> <li><i>II. Why WPC ACCEPTANCE NUMBER is to be considered for AVERAGE DELAY &amp; why not the date of submission, as there could be delays from DoT in numbering the letter</i></li> </ol>	<p>I: Date of registration with TERM Cell is taken as date of completion if tested successfully.</p> <p>II: Submission of complete and correct application for SACFA clearance is indicated by WPC acceptance number.</p>
63.	<p><b>Page 21, Clause 3.6.1 (xi) (d), Roll Out Obligations</b>  <i>In LD part it has been specified that notice for recovery of LD will be sent. Why an SCN will not be sent before imposition &amp; would this not be contrary to consistent stand &amp; Court pronouncements</i></p>	SCN will be issued before imposition of LD as per present practice.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
64.	<b>Page 29, Clause 4.2.3 (c), Pre-qualification Conditions – General power of exclusion</b> <i>Request the DoT to provide additional time / opportunity to rectify any clerical/missing information in the application form, annexure and supporting documents – instead of summarily rejecting the application</i>	Bidders are required to submit complete and correct application to DoT. No additional time/opportunity to rectify any clerical/missing information shall be provided.
65.	<b>Page 31, Clause 4.5, Payment Terms</b> <i>In case of last day being Sunday / Saturday, request the deadline be considered as the next working day</i>	In case of the date of payment being Saturday, Sunday or a public holiday, the effective date of payment to be considered as next working day.
66.	<b>Other questions</b> <i>Is there any amendment to the NIA in furtherance to the interim order passed by Hon'ble TDSAT on 18.12.2013 (in petition 361 &amp; 362 of 2012), as contractual spectrum upto 6.2 Mhz is subject matter pending for decision?</i>	Matter is sub-Judice.
67.	<i>In the absence of Company Secretary, will the Director's certification suffice? If yes, will it then require 1 or 2 Director's sign?</i>	Kindly Refer to Amendment 2 of this NIA.
68.	<i>What is the committed timeframe for the issue of detailed guidelines for:</i> <ul style="list-style-type: none"> <li>○ Mergers &amp; Acquisitions</li> <li>○ Spectrum Trading</li> <li>○ Spectrum Sharing</li> </ul>	Policy formulation is a continuous process and NIA is self-explanatory.
69.	<i>Would the DoT allocate spectrum to the UASL licensee without conversion to UL license (with liberalized usage permission) – hence, no forced migration to UL?</i>	NIA and Guidelines for Unified License are self-explanatory.
70.	<i>How would the spectrum allocation take place among bidders in circles with partial spectrum availability across circle?</i>	The same rule of spectrum allocation as mentioned in the NIA would be followed. Only in the Service Areas where Sets of Contiguous Spectrum of 5MHz is available both in Full & Partial Mode, the bidders who have won a minimum of 5MHz spectrum who are ranked higher will be considered for Full Mode of Set of Contiguous Spectrum and the lower ranked bidders will be allocated the Partial Mode.
71.	<i>Whether Unsuccessful Bidders/Non-Participants would also have the opportunity/threat of Spectrum re-configuration for contiguous band formation?</i>	Harmonizing and reconfiguration of spectrum is a continuous process subject to availability and technical feasibility.
72.	<i>What will be SUC for spectrum beyond 15.2 MHz? What is the Decision on 'Flat SUC'?</i>	NIA is self explanatory.
73.	<i>As per the NIA, the Auction system would need Static IP from Bidders. Would dynamic IPs from Dongles be allowed in case of problems?</i>	No, Only static Public IPs are required from Bidders.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
74.	Hon'ble TDSAT has passed order in petition 299 of 2010 whereby TTL was placed at No 1 in the waitlist for startup spectrum. When would TTSL get its GSM spectrum in Delhi and 39 districts spread over 9 circles for which the payment was already made in 2008?	Matter is sub-judice.
75.	Please clarify whether the networth requirement would be applicable on new entrants only and not for existing licensees.	Existing Licensees bidding for spectrum in service areas where they are not holding license/authorization are treated as New Entrants and applicable Eligibility conditions apply accordingly.
76.	TTSL has not been allocated GSM spectrum in Delhi (after having paid for the spectrum). We understand that TTSL will be treated as an existing licensee and not a new entrant. Please clarify.	To be treated as New Entrant subject to the outcome of Court Order.
77.	How would the lock in apply? Would it apply to the extent of minimum extent used for the networth calculation or entire equity will be locked?	Lock in would apply for the promoters whose net worth has been taken in to account for the eligibility conditions.
78.	When will the winners be allotted the 2G spectrum in 1800 MHz/ 900 MHz band? Please specify the date?	NIA is self-explanatory.
79.	What is the possibility of spectrum becoming available in districts where it is currently not available and timelines for the same? Please refer to Annexure 2A of the NIA.	Making spectrum available in the entire service area has time and attendant implications.
80.	As per 4.6 (page 34, "The Tripartite Agreement (TPA) as in the UAS licenses may be modified appropriately to include 'Spectrum', to facilitate funding of telecom projects." – We request DoT to explicitly mention the time lines for signing such agreements to avoid 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?	TPA shall be modified.
81.	Can existing licensees who has the spectrum in 1800 MHz band bid for less than 5 MHz in 900 MHz band? Please mention the same explicitly in the NIA.	In 900 MHz band, each bidder has to bid a minimum of 5 blocks each of 1 MHz
82.	On page 13, it is mentioned that "Existing Licensees will be allowed to use the additional spectrum block(s) allotted through this auction to deploy any technology other than GSM/ WCDMA, by combining with their existing spectrum holding in the same band after converting their entire existing spectrum holding into liberalized spectrum in the same band as per the terms and conditions to be specified". Please explain by when DoT will come out with such terms & conditions?	Terms and Conditions will be issued in due course.
83.	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?	NIA is self-explanatory.
84.	What plans does DoT have on auctioning LTE and other 4G bands?	Schedule of subsequent Auction will be indicated from time to time.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
85.	When will the next round of 3G auctions take place?	Schedule of subsequent Auction will be indicated from time to time.
86.	Whether 800 MHz spectrum allotted in March 2013 auction is liberalized?	Not related to this Auction.
87.	The DoT seems to have agreed with TRAI to usher in uniform SUC regime after due consultation with the Ministry of Finance to ensure that there is no financial loss to the exchequer. By when this is expected?	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.
88.	When will DoT announce spectrum sharing and spectrum trading guidelines?	NIA is self-explanatory.
89.	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.	No change in NIA Condition.
90.	Given that active and passive infrastructure sharing is allowed and also considering the fact that convergence of technologies and services is taking place, can the existing licensees share their active RAN? If so, 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?	Infrastructure sharing is permitted as per extant guidelines/ license conditions.
91.	<b>Page 69, Table 5-G,</b> <i>Please confirm that the EMD amounts mentioned in Table 5-G are per paired block e.g. Rs7.25crore per block for Mum (1800MHz) is for 2X0.2MHz of spectrum. If so, the EMD per MHz of 1800MHz spectrum is higher than the EMD per MHz of 900MHz in Delhi/Mumbai; isn't this an anomaly?</i>	No change in NIA conditions.
92.	<b>Page 56, Section 5.4.7, &amp; Page 67,</b> <i>Price increment as per page 67 is 1% for 1 block of excess demand. For 1800, 1% increment will now be applied for excess demand of 0.2MHz, while in Nov-12, 1% increment was for excess demand of 1.25MHz. Should not the price increment in the current auction be proportionately lowered to match the lower block size from the previous auctions?</i>	Please Refer Amendment No. 2 to NIA.
93.	<b>Page 68, Table 5-F,</b> <i>The price increment cap has been set equal to the reserve price. Both the absolute amount of the price caps and the ratio to reserve price is higher than previous auctions. Please clarify if this is intentional.</i>	Please Refer Amendment No. 2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
94.	<p><b>Page 13, Section 2.3, Point (i),</b>  <i>Page 13 states “Continuity of coverage, provisioning, delivery, quality of services in the network deployed with earlier technology.”Please explain what this means. For example, if an operator purchases 10MHz in 900MHz band in Mumbai; and uses 5MHz each for 2G and 3G services and already had 5MHz of 2100; please specify all the rollout obligation and QoS obligations that will apply.</i></p>	<p>Quality of service norms as applicable to the particular service shall apply. Further, roll out obligations as applicable for 2G and 3G services shall apply.</p>
95.	<p><i>The frequency allocation rules should be such that if possible, an operator buying 2 blocks of 5MHz in a given band should ideally get them next to each other.</i></p> <p><i>Consider a scenario in Mumbai (900MHz), where there are three sets of contiguous 5 blocks, of which two sets are contiguous to each other (i.e.10 contiguous blocks). If the final outcome of the clock stage is as described in Example (iv) on Page 64 then would the Government kindly ensure that Bidder-1 (who has bid for and won 10 blocks) is awarded all 10 blocks contiguous? One way of achieving this would be by allocating the first block to the bidder ranked-1, third block to the bidder ranked-2 and the second (middle) block to the bidder ranked-1. In a scenario where both bidders win 8MHz each, this will also maximise contiguity of spectrum. This would work even in a scenario where there is a third winning bidder as it would be allocated the second block.</i></p>	<p>Kindly refer the section 5.5 of the NIA. The Government reserves the right to change the frequency allocation at any point over the duration of the relevant licenses where this is required for harmonizing bands and promoting spectrum efficiency.</p>
96.	<p><i>In case operators whose licences are due for extension are declared winners for 900MHz spectrum equal to or greater than their current holdings, then instead of random allocation, not in conflict with other auction rules, could they be re-assigned their existing frequencies to minimise network disruption?</i></p>	<p>Kindly refer the section 5.5 of the NIA. The Government reserves the right to change the frequency allocation at any point over the duration of the relevant licenses where this is required for harmonizing bands and promoting spectrum efficiency.</p>
97.	<p><i>Please clarify that in case of Delhi, Mumbai service areas, in the 1800MHz band, if an operator whose spectrum is due for extension wins <u>dis-contiguous spectrum</u> greater than or equal to its current spectrum holdings, then the 1800 spectrum currently being used by such an operator (and which has been put up for auction) will be restored to it in the interest of maintaining network continuity</i></p>	<p>Kindly refer the section 5.5 of the NIA. The Government reserves the right to change the frequency allocation at any point over the duration of the relevant licenses where this is required for harmonizing bands and promoting spectrum efficiency.</p>
98.	<p><i>If a bidder wins a dis-contiguous block can that bidder be allowed to choose which block it is awarded instead of random allocation? If there is a conflict (i.e., another winner has chosen the same block) then the ranking rule should take preference</i></p>	<p>No change in the NIA condition.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
99.	<i>In a scenario where some dis-contiguous spectrum is unsold in a service area and band, will a successful bidder in that service area and band be permitted to exchange the frequency randomly allocated to it in the frequency identification stage with the dis-contiguous spectrum that is left unsold, if it has a preference for the latter?</i>	No change in NIA condition.
100.	<b>Page 13,</b> <i>Page 13 states “In all partial allotment cases where the successful bidders are more than one, the post auction allocation of balance spectrum will be made to all the successful bidders, district wise simultaneously.” In case both partial and complete spectrum blocks have been put up for auction in a service area, what will be the criteria for determining which bidders are allocated complete spectrum and which bidders are allocated partial spectrum?</i>	Allocation of Spectrum will be conducted separately for Contiguous set(s) of 5MHz and for Non-contiguous blocks of spectrum. The bidders who have won a minimum of 5MHz spectrum at the end of the Clock Stage will be considered for the allocation of Contiguous Set(s) of 5MHz spectrum in order of their ranking. In the event, where in those Service Areas, where contiguous spectrum of 5MHz is available in Full & Partial, in which case, the bidders ranked higher will be considered for the Full Contiguous Spectrum, followed by lower ranked bidders who will be considered for the Partial Contiguous Spectrum.
101.	<i>Please explain in detail the criteria for allocating frequencies to different bidders. Specifically, in a service area which has four different kinds of spectrum: Contiguous whole spectrum, Dis-contiguous whole spectrum, Contiguous partial spectrum and Dis-contiguous partial spectrum and there are multiple winning bidders how would the inter-se priority of bidders be determined for frequency allocation?</i>  <i>Can a bidder ranked higher elect to override the automatic frequency allocation rules in order to make a choice that would have been allocated to lower ranked bidders under the rules? Eg in M&amp;G, there is contiguous whole 5MHz (B), contiguous partial 5MHz (A) and dis-contiguous whole 4MHz (C&amp;D). The bidder ranked second with a demand of 5MHz may be allocated contiguous partial spectrum (A) under the rules but may prefer to take C, D and another 1 MHz from A, leaving 4MHz of A for the bidder ranked third.</i>	Contiguous Spectrum allocation will be performed for bidders who have won a minimum of 5MHz spectrum. All such bidder(s) will be considered for contiguous spectrum in order of their ranking, subject to availability of sets of contiguous spectrum.  Please refer NIA Clause 5.5.
102.	<b>Annexure 2A,</b> <i>Please confirm that ordering of frequency sets in Annexure 2A (A, B, C, ... etc.) has no relevance whatsoever to the allocation of frequencies. For instance, the highest ranked winning bidder in Maharashtra will not be awarded Set A (1710.2-1715.0</i>	Allocation of Spectrum will be conducted separately for Contiguous set(s) of 5MHz and for Non-contiguous blocks of spectrum. The bidders who have won a minimum of 5MHz spectrum at the end of the Clock Stage will be considered for the allocation of Contiguous Set(s) of 5MHz spectrum in order of their ranking. In the event, where in those Service

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	uplink).	Areas, where contiguous spectrum of 5MHz is available in Full & Partial, in which case, the bidders ranked higher will be considered for the Full Contiguous Spectrum, followed by lower ranked bidders who will be considered for the Partial Contiguous Spectrum.
103.	<p><b>Annexure 2A,</b>  <i>The footnote to the list of frequencies put up for auction for Mumbai states "F&amp;G: without Guard band" and the list of frequencies put up for auction for Karnataka states "G* without Guard band". We note that all three sets referred here are 5MHz contiguous blocks.</i></p> <p><i>Please explain what exactly is meant by this? Does this imply that the neighbouring blocks on one or both sides have been allocated to other users (GSM or defence etc) and that the winner will not be free to use such spectrum for LTE in the absence of a guard band?</i></p> <p><i>How will DoT ensure that winners of such band are able to actually utilize the promise of 'liberalized spectrum'?</i></p>	Footnote to the list of frequencies for Mumbai is deleted. Please refer Amendment No.2 of the NIA
104.	<p><b>Annexure 2A,</b>  <i>How will frequency allocation be prioritised for bidders who have won 5MHz or more of 1800 in Mumbai and Karnataka – will the bidders with higher rank be allocated blocks with guard band while the lower rank bidders get the sets F/G in Mumbai, G in Karnataka.</i></p>	Allocation of Spectrum will be conducted separately for Contiguous set(s) of 5MHz and for Non-contiguous blocks of spectrum. The bidders who have won a minimum of 5MHz spectrum at the end of the Clock Stage will be considered for the allocation of Contiguous Set(s) of 5MHz spectrum in order of their ranking. In the event, where in those Service Areas, where contiguous spectrum of 5MHz is available with Guard Band & without Guard Band, in which case, the bidders ranked higher will be considered for the Contiguous Spectrum with Guard Band, followed by lower ranked bidders who will be considered for the Contiguous Spectrum without Guard Band.
105.	<p><b>Annexure 2A,</b>  <i>Please confirm that for 1800 in all circles, aside from frequency sets F and G in Mumbai, and G in Karnataka - all other frequency sets of 5MHz put up for auction have provision for guard band.</i></p>	Guard Band has been provided as required except set G in Karnataka.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>Please confirm that in the event any other 5MHz block lacks adequate guard bands, eg if an operator already has been allotted spectrum adjacent to the block and is using it for GSM, the winner of such a block will have legal rights to ensure that the other operator is shifted to provide a guard band and that DoT exercise its rights in favour of the winner of the 5MHz block.</i></p>	<p>Harmonization and Reconfiguration of carriers is a continuous process subject to availability, coordination and technical feasibility.</p>
106.	<p><b>Annexure 2B,</b>  <i>Please confirm that for 900 in all circles, all frequency sets of 5MHz put up for auction have provision for guard band.</i></p> <p><i>Please confirm that in the event that the buyer of 900MHz 5MHz contiguous blocks uses them for WCDMA and if there are existing user who have been allotted spectrum adjacent to such 900MHz blocks using it for any technology, then interference between 900MHz winner's WCDMA usage and the existing other user will be resolved by DoT - the winner of such the 900MHz block will have legal rights to ensure that the other user is shifted to provide the required guard band and that DoT exercise its rights in favour of the winner of the 5MHz block.</i></p>	<p>Guard Band has not been provided for 900 MHz band. Successful bidders will have to make provision for Guard band within the spectrum allotted to them in 900 MHz band.</p>
107.	<p><b>Annexure 2A,</b>  <i>Please confirm that if the winner of contiguous 5MHz spectrum in any service area wishes to roll out LTE, the Government will ensure that a Guard band if required is created, including if necessary by using its powers to shift frequency allocations to other operators by a small amount?</i></p>	<p>Harmonization and Reconfiguration of carriers is a continuous process subject to availability, coordination and technical feasibility.</p>
108.	<p>We note that many circles there are adjoining sets of 5MHz each where there is no separating block of 200kHz that could serve as a guard band in case the winners of the two sets use their spectrum for different uses.</p> <p>Eg in Delhi there is no comment specifying lack of guard band for sets F &amp; G, and we presume that they could be used for LTE, but if only one the two winners did so, while the other deployed the spectrum for GSM, the two uses will interfere with each other.</p> <p><i>The question is which of the two bidders will be held liable for causing the interference?</i></p>	<p>Guard Band has been provided as required.</p>
109.	<p><b>Page 23, Section 3.8, point (a),</b>            Paragraph 3.8 states bidders whose licences are due for extension in November are</p>	<p>Confirmed, subject to the minimum bid quantum for new entrant in 1800 MHz band.</p>



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>permitted to decide when to take their awarded spectrum.</p> <p><i>Please confirm that such bidders have the option of taking part of the 1800 at the issue of Lol and the rest at the time of their choosing, no later than license extension dates. This will be in public interest since it will allow such bidders to control network disruption.</i></p>	
110.	<p><i>In case bidders whose licences are due for extension are required to shift from their current frequency allocation, they will require to use both current and future allocation for an overlapping period of time (prior to licence extension date) to minimise disruption while realigning network. Please confirm that in such cases, during the transition period their SUC slab will not be determined by considering both old and new spectrum, but only one of them.</i></p>	<p>Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.</p>
111.	<p><b>Page 23 Section 3.8, point (a),</b> Paragraph 3.8 states bidders whose licences are due for extension in November are permitted to decide when to take their awarded spectrum.</p> <p><i>Please confirm that the SUC charges are applied only from the effective date of allocation of spectrum.</i></p>	<p>Confirmed.</p>
112.	<p><i>Will the rank communicated be of the bidder or the block? e.g. Say there are 2 provisional winning bidders X and Y. X is the higher ranked bidder who has 10 provisional winning blocks. Y is the next ranked bidder with 5 blocks. Will the rank communicated to Y be 2 (i.e Bidder Rank) or 11 (i.e. Block Rank) or both?</i></p>	<p>The Rank is that of the Bidder.</p>
113.	<p><b>Page 52, Section 5.4.6, bullet 3,</b> <i>Please confirm that as per the second tie-breaking criteria, the scenario in the illustration will actually lead to Bidder X being ranked higher since it has submitted more unique bids at previous prices?</i></p>	<p>Yes.</p>
114.	<p><b>Page 53,</b> <i>Page 53 states “Where is a tie according to the first three criteria, ranking will be in descending order according to the number of Blocks for which bid has been submitted by the bidder for a particular Service Area in the particular band at the Current Clock Round Price” Please confirm that for this purpose the number of Blocks taken into consideration will include any bids made in the previous round but at the Current</i></p>	<p>Yes, in case of negative demand in Round n-1, round n price will be same, if there is a tie between 2 or more bidders, no. of blocks will be considered for both the round (R(n-1) and R(n)) as Clock Round Price of both the round is same.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<i>Clock Round Price.</i>	
115.	<p><b>Page 53,</b>  <i>Page 53 states “Where a tie according to the first three criteria, ranking is will be in descending order according to the number of Blocks for which bid has been submitted by the bidder for a particular Service Area in the particular band at the Current Clock Round Price”. Please confirm that for this purpose the number of Blocks taken into consideration will include any provisional winning bid even if it is not at the Current Clock Round Price?</i></p>	<p>No. Only the bids which are submitted at the Current Clock Round Price will be considered.</p>
116.	<p><i>Page 53 states “Where there is a tie according to the first four criteria, ranking will be in descending order according to the total value of all Blocks for which bid has been submitted by the bidder for all the Service Areas across all the bands at the Current Clock Round Price”. Please confirm that for this purpose the number of Blocks taken into consideration will include any bids made in the previous round but at the current clock round price.</i></p>	<p>Yes</p>
117.	<p><b>Page 53,</b>  <i>Page 53 states “Where there is a tie according to the first four criteria, ranking will be in descending order according to the total value of all Blocks for which bid has been submitted by the bidder for all the Service Areas across all the bands at the Current Clock Round Price”. Please confirm that for this purpose the number of Blocks taken into consideration will include any provisional winning bid even if it is not at the Current Clock Round Price?</i></p>	<p>No. Only the bids which are submitted at the Current Clock Round Price will be considered.</p>
118.	<p><b>Page 53,</b>  <i>Page 53 states “Where there is a tie according to the first four criteria, ranking will be in descending order according to the total value of all Blocks for which bid has been submitted by the bidder for all the Service Areas across all the bands at the Current Clock Round Price”. This criterion seems to give priority to Bidders who are committing higher amounts in the auction, thus assisting the revenue maximisation objective. In light of this should not this criterion have precedence over several other criteria.</i></p>	<p>The terms and conditions do not require any change for this.</p>
119.	<p><b>Page 47,</b>  <i>Page 47 states “If the Clock Round Price of Current Clock Round R+1, is GREATER than the Clock Round Price of previous Clock Round R, (due to Excess Demand being</i></p>	<p>If Clock Round Price changes in Round R+1, bidders are required to submit fresh bid for min required blocks (as per respective categorization). So bidder who is provisional</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>Positive in Clock Round R) for a particular Service Area in a particular band, the bidder can bid for Any / ALL the Blocks depending on their respective categorization for that particular Service Area in the particular band.” Consider the situation for 900MHz band in a service area. Please confirm that if the Clock Round Price of the Current Clock Round R+1 is GREATER than Clock Round Price, a Provisional Winning Bidder from Round R with 5 Provisional Winning Blocks is allowed to bid for 1 or more Blocks also (additional to the provisional winning blocks already held) in Round R+1</i></p>	<p>winning bidder for 5 blocks in Round R needs to submit fresh bid in Round R+1 considering clock round price increased as per the increment rule.</p>
120.	<p><b>Annexure 2A,</b> <i>The footnote to the list of frequencies put up for auction in Maharashtra states "A (Partial): Entire Service Area except Nasik and Pune". Please clarify whether the reference is to Nasik and Pune municipal limits or to districts?</i></p>	<p>The reference is to Districts.</p>
121.	<p><b>Annexure 2A,</b> <i>Please clarify that frequencies allocated in the TN circle for 1800 MHz are also available for the Chennai circle.</i></p>	<p>Yes.</p>
122.	<p><b>Page 43, Point (vi) of Page 15,</b> <i>Page 43 states: "Total Spectrum Assigned for unpaired and only one side of spectrum in case of paired spectrum is taken into account." This sentence appears to be in conflict with the spectrum holding cap rule described in Point (vi) of Page 15: "Total Spectrum assigned for unpaired and both uplink and downlink spectrum in case of paired spectrum is taken in to account". Please clarify.</i></p>	<p>Please refer Amendment No.2 to NIA.</p>
123.	<p><b>Page 42, 43, Table 5-C,</b> <i>Please confirm that while calculating the spectrum holding caps, BSNL and MTNL's BWA spectrum holdings have not been included in the "Total Spectrum Assigned" since as per the statement given by Hon'ble MoCIT to the Lok Sabha (<a href="http://pib.nic.in/newsite/erelease.aspx?relid=102008">http://pib.nic.in/newsite/erelease.aspx?relid=102008</a>), the Group of Ministers has recommended a surrender of their BWA spectrum</i></p>	<p>BWA spectrum in 2.5 GHz band allotted to BSNL and MTNL has been taken into account while calculating Spectrum Caps.</p>
124.	<p><i>The definition of spectrum caps (i.e., the denominator) varies between the NIA and the UASL/UL. The UASL/UL bars any operator from holding total spectrum in excess of 25% of total assigned spectrum at any point of time whereas the NIA calculates the cap at the beginning of the auction including the spectrum being auctioned. It is possible that if some spectrum is unsold, then an operator while meeting the initial caps set in the NIA exceeds the cap as per UL at the end of the auction. Please clarify</i></p>	<p>Spectrum Cap as mentioned in the NIA is applicable.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>how this will be controlled by the auction software.</i>  <i>UASL states “The total spectrum held by the license shall not exceed 25% of the spectrum assigned, by way of auction or otherwise, in the concerned service area or spectrum cap of 50% in a band for access services. The spectrum assigned in GSM/CDMA/3G/BWA band shall be counted for this purpose.”</i></p>	
125.	<p><b>Page 59,</b>            Page 59 states “Only those bids which are compatible with all the rules of the e-auction will be accepted by EAS.”</p> <p><i>Please confirm that this includes adherence to the Spectrum holding cap rule. Please also confirm that the adherence to the spectrum holding cap rule will be checked on a dynamic basis i.e. in case in any round in a service area for a particular band the number of blocks demanded for (including provisional winning bidders from the previous round) is less than the number of blocks being auctioned, the total spectrum holding cap and the band-specific cap for that service area will be accordingly reduced.</i></p>	Spectrum Cap as mentioned in the NIA is applicable.
126.	<p><b>Page 16, point (xii),</b>  <i>Please confirm that the lock-in condition is application on licence and not spectrum allotment, and therefore the three year lock-in period will commence from the effective date of licence. If this were not the case, M&amp;A could practically never happen in the sector.</i></p>	Lock in condition prescribed in this NIA shall not be applicable for acquisition of Incremental Spectrum. Please refer Amendment No.2 to NIA.
127.	<p><b>1.4 Timetable,</b>  <i>Para 6 of of NIA states that “Applications must be submitted in hard copy, to be received between 10:00am (Indian Standard Time) on 30th December 2013 and 5:00pm (Indian Standard Time) on 4th January 2013, during office hours...”</i></p> <p><i>Last day for submission of application is 4 Jan 2014, which is a Saturday. Will DoT be open on this day for accepting such applications and will the given time be considered as during office hours on that Saturday?</i></p>	Please Refer Amendment No.1 to NIA.
128.	<p><b>2.1,</b>            From the details of spectrum to be auctioned in 1800MHz read with Annexure 2-A, it is observed that the following spots which form part of the spectrum to be auctioned, are already earmarked and in use as per details below:</p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> <li>• Vodafone – Gujarat Carriers 1721.2-1722.0/1816.2-1817.0 MHz (5 blocks of 200KHz each) for are currently allocated to Vodafone for Gujarat service area except Ahmedabad, Jamnagar, Vadodara districts and Surat City vide WPC letter No-L-14047/23/2006-NTG dated 09.03.2009 and regularized vide their letter No-L-14043/31/2009-NTG(Pt-I) dated 20.11.2009.</li> <li>• Vodafone-Maharashtra Carriers 1724.6-1728.6/1819.6-1823.6 MHz (21 blocks) allocated to GMRT area in Pune City vide WPC letter no- L-14043/40/2008-NTG dated 31.12.2008 and regularized 8.12.2009 in lieu of 900MHz..</li> </ul> <p><i>Since the spots in Gujarat are already earmarked, these spots cannot be put for auction. Please confirm.</i></p> <p><i>Further since the spots in GMRT Area – Pune City are already earmarked, these spots can be put fo auction for rest of Maharashtra, except GMRT area in Pune City, after considering the interference issues. Please confirm.</i></p>	<p>Rearrangement of carriers pertaining to M/s Vodafone in Gujarat Service Area has been done. No change in the NIA Condition.</p> <p>Please Refer Amendment No.2 of the NIA.</p>
129.	<p>2.1 &amp; 3.2, The NIA states that “Bidders whose licenses are due for expiry in 2014 and their spectrum put to auction will also be treated as 'New Entrants' (Clause 3.2(iii) and also that “Minimum number of blocks to be bid shall be 25 in 1800 MHz band for new entrant while existing licensee shall bid for minimum of 3 blocks in 1800MHz band”</p> <p><i>Please clarify the treatment of bidders whose licences are due for extension (expiring as per DoT) in 2014. Our understanding is that such bidders can bid for minimum of 3 blocks in 1800MHz band so long as they are either PWBs or current round bidders for a minimum of 5 blocks in 900MHz band.</i></p>	NIA is self-Explanatory.
130.	<p><b>2.1a) III.,</b> The NIA states that the minimum bid for 900MHz is 5MHz. While we appreciate that this is based on TRAI’s recommendation and the intention is to promote roll-out of new technologies and deter frivolous bidding, we respectfully submit that in a scenario where spectrum is not being auctioned in multiples of 5MHz, this may lead to wastage of precious spectrum, suppress demand in the 900MHz spectrum and potential revenue loss to the Government.</p>	No change in the NIA conditions.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>The fraction of spectrum which is not a multiple of 5MHz in these circles could be used to improve 2G coverage, so long as minimum 2.4MHz is available to accommodate the BCCH. However, as per the current auction rules, this fraction can be purchased only by bidders whose minimum demand is 5MHz and only if they have GSM coverage need. Existing licensees with demand less than 5MHz will not have a chance to bid for such spectrum.</p> <p><i>We request the Government to lower the minimum bid size in the 900MHz band to 3MHz (i.e. minimum number of blocks &gt; 2.4MHz), so that risk of wastage is minimised (at least in Kolkata in this auction and several other state circles in the next auction), and there is greater competition in the auction as well as in the market. This should also maximise revenues for the Government.</i></p>	
131.	<p><b>3.1., 3.2, 3.4,</b>  <i>Refer Clause 3.1/3.2/3.4 of the NIA. It is submitted that licensees/companies whose licenses are coming for completion in 2014 in the 3 Metros are serious long term access service providers in their respective markets and have made huge investments in their networks. Most of these licensees/ companies also hold 2.1GHz spectrum which they had won for 20 years in the 2010 auctions. Therefore, we submit that conditions in the NIA that apply to existing licenses in the NIA must apply to them for the purpose of eligibility and application. For example, if the NIA does not have any net worth condition for existing licenses it should not also apply to such companies whose existing licenses are due for completion in November 2014. Similarly all such companies should be eligible as existing licenses and can participate in the bid as either Group Bidding entity or Associated Licenses or Common Parent. Please clarify.</i></p>	<p>Please refer section 3.4 of the NIA. Regarding section 3.2 and networth, Please refer Amendment No.2 to NIA.</p>
132.	<p><b>3.2(viii),</b>            It is mentioned in Clause 3.2 (viii) that “This net worth requirement is applicable in case of ‘New Entrants’. This net worth requirement is to be met at the time of application for participation in the auction. The applicant shall submit a certificate to this effect (provided by the Company Secretary/Statutory Auditors of the Applicant Company and countersigned by the duly authorized Director of applicant Company) while applying for participation in auction.”</p>	<p>Existing Licensees bidding for spectrum in service areas where they are not holding license/authorization are treated as New Entrants and applicable Eligibility conditions apply accordingly. Please refer Amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> <li>• <i>Is this networth requirement to be met by Group Bidding Entity at the time of auctions?</i></li> <li>• <i>For the purpose of these auctions, should the Networth of such BE be at least equal to networth required for each service area where such UAS Licenses of Associated Licensee and of Common Parent are expiring (as per DoT) in 2014? For example, if there are 3 service areas i.e. Delhi, Mumbai and Kolkata where UAS Licenses of Associated Licensee and /or Common Parent of such GBE are expiring (as per DoT) in 2014, then, should the networth requirement to be met by GBE be Rs.300 Crores?</i></li> </ul> <p><i>Please give necessary detailed clarifications wherever the answer to any of these questions is in negative.</i></p>	
133.	<p><b>3.2(x),</b> <i>Under Clause 3.2(x), will the Applicant Company mean the Group Bidding Entity or can it mean an Associated Licensee which is an existing licensee whose license is expiring in 2014? Please explain the meaning of Applicant Company in this Para and also in undertaking mentioned in 8.3.4.</i></p>	<p>The Applicant Company can be Common Parent, Group bidding entity, Associated Licensee or an existing Licensee. Regarding 8.3.4, Please Refer Amendment No.2 to NIA.</p>
134.	<p><b>3.2(xii),</b> <i>Since there are no additional roll out obligations for 1800MHz and 900MHz in Metro Service Areas and since the roll out obligations in these areas have already been fulfilled by UAS Licensees which are expiring (as per DoT) in 2014, therefore, there cannot be any Lock in conditions for a person whose share capital is more than 10% in such Licensee Companies/or their Group Bidding entity/ or Associated Licensees, in case their respective GBE is successful bidder where such companies are nominees for spectrum. Please clarify.</i></p>	<p>Please Refer Amendment No.2 of the NIA.</p>
135.	<p><b>3.4,</b> <i>Could you please confirm that companies whose licenses which are expiring in 2014 as per DoT, are covered under the definition of Associated Licensee under Clause 3.4 of the NIA if they are controlled by a single entity (the Common parent), which also has at least 26% shareholding, directly or indirectly, in the company?</i></p>	<p>Since the Companies whose licenses are expiring in 2014 are treated as new entrants for this auction, therefore they cannot be termed as Existing licensees in the context of section 3.4 of the NIA.</p>
136.	<p><b>3.4,</b></p> <ul style="list-style-type: none"> <li>○ <i>Can a GBE be an Associated Licensee (not necessarily Common Parent) of UAS licenses that are due for expiry in 2014 (as per DoT)?</i></li> </ul>	<p>As clarified above.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> <li>○ <i>Can such UAS Licenses that are due for expiring in 2014 (as per DoT) be Associated Licensee and/or Common Parent of GBE?</i></li> <li>○ <i>Will joint undertaking to nominate Group bidding entity be signed by a UAS Licensee company whose license is expiring in 2014 (as per DoT) and which is associated licensee/common parent of the GBE?</i></li> </ul> <p><i>In case there are companies which are associated licensees and have a common parent (also having a license), where some associated licenses and common parent have licenses expiring in 2014(as per DoT) and other associated licenses have licenses expiring much later, then can any one of the associated licensee company become the Group Bidding Entity for all other associated companies and the common parent?</i></p>	
137.	<p><b>3.6.1 (xii),</b>  <i>In respect of Performance Bank Guarantee (PBG) to be submitted in prescribed format for the amount equal to Rs 35.00 crores by the 'New Entrant' and Rs 21.00 crores by 'Existing Licensees' per service area, please confirm that licensees coming up for extension (expiring as per DoT) in November 2014, will be classified as Existing Licensee for this purpose since they have already completed the roll-out obligations in respect of UAS licenses.</i></p> <p><i>Further Clause 3.6.2 states that “there will be no additional roll-out obligations in respect of Metro service areas for licensees whose licenses are due to expire in 2014”. Thus, please clarify that no PBG is to be submitted by such companies.</i></p>	Confirmed. Please refer Amendment No.2 to NIA.
138.	<i>Is the DoT referring the matter of the definition of AGR to TRAI?</i>	Matter under consideration.
139.	<i>It is requested that DoT may modify the NIA and provide that the effective date for counting the period of 20 years will be from the date of actual allotment of the spectrum. In case the operator requests for different pieces of spectrum to be allotted in different timelines, please confirm that each such tranche will carry its own unique validity for 20 years</i>	No change in the NIA condition.
140.	<i>DoT may kindly provide the list of BHQs for the various service areas, as existing on the date of the issue of the NIA.</i>	The list of BHQ may be taken from state government.



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
141.	<i>Please clarify whether it is the stand of DoT that for spectrum acquired in the forthcoming auctions, intra circle roaming is specific to bands held and technology used by the licensee, i.e. can a licensee using 900MHz for GSM roam on the 900MHz network used for WCDMA? Also, can a licensee using 900MHz for WCDMA roam on a 2100MHz network used for WCDMA?</i>	Clasue 2.1(a)(ii) of chapter VIII of Unified License may be referred to.
142.	<i>Is DoT planning to examine the feasibility of reconfiguring and auctioning 800MHz as E-GSM as recommended by TRAI?</i>	The TRAI recommendations have been sought on reserve price for 800 MHz spectrum.
143.	<i>Will the revised M&amp;A guidelines be announced before the auctions?</i>	M & A guidelines will be as notified by the Government from time to time.
144.	<i>As the spectrum cap covers spectrum assigned in all bands 800/900/1800/2100/2300/2500MHz and as license amendment dated 6 December 2013 defines all these bands as access spectrum, please explain the reason for continuing with segregation of spectrum bands and revenues for the purpose of payment of spectrum usage charges?</i>	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.
145.	<p><u>Please clarify that the definition of Net worth will be as per ne Companies Act, 2013.</u>  <i>The Networth is defined in the NIA on page 103 as “Sum total of paid-up equity capital and free reserves and surplus net-of accumulated losses.”</i></p> <p><i>The Share Premium Account was part of Free Reserves under the Old Companies Act, 1956 and therefore, Share Premium Account was in turn part of the Networth.</i></p> <p><i>However in the new Companies Act 2013, “Free Reserves” definition does not include Share Premium Account. But the , “Networth” has been defined specifically in the new Companies Act 2013 to include both Share Premium Account and Free Reserves.</i></p> <p><i>Thus, in light of the above and it is requested that Networth definition in Licence and NIA should be changed and it should be in consonance with and same as Networth definition in the New Companies Act 2013.</i></p>	The definition of Net worth shall be as defined in the Unified License.
146.	<i>DoT may please confirm that the clearances and approvals already taken by the companies/licensees whose licenses are expiring in 2014 as per DoT, will continue to be valid and applicable and will not have to be applied /taken afresh, assuming that</i>	Please Refer Amendment No. 2 to NIA for Resources Transfer.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>the same company takes UL before expiry of its current UASL in 2014 (as per DoT) and is also successful bidder for spectrum. This is important to ensure continuity and quality of service to consumers. These clearances and approvals include, inter alia:</i></p> <ul style="list-style-type: none"> <li>• SACFA clearances to the extent that the same spots are re-acquired</li> <li>• MW Access carriers for metros and non-metros/ MW backbone carriers for non-metros</li> <li>• Access codes (mobile number series)</li> <li>• MSC codes</li> <li>• SP codes</li> <li>• MCC codes</li> <li>• MNC codes</li> <li>• Separate Mobile number series to telemarketers</li> <li>• EMF certifications</li> <li>• LI clearances</li> <li>• Interconnect agreements and existing POIs</li> <li>• Clearances for launch of Data &amp; voice / SMS services</li> </ul> <p><i>Rollout obligations/certifications from TERM cells</i></p>	
147.	<p><i>If the spectrum allocations pursuant to this auction to companies whose licenses are expiring in 2014 (as per DoT) are different from their existing spectrum allocations which are valid till completion of tenure in November 2014 of the current licenses, then will there be some overlapping period or switchover period provided to such companies so that there remains continuity of service?. DoT may please clarify and confirm.</i></p>	<p>No switch over period beyond November 2014 shall be provided. Hence switch over has to be completed by November 2014.</p>
148.	<p><b>5.1 &amp; 4.2.1.1,</b>            Clause 5.1 of the NIA states that “It would be the respective bidder's responsibility to acquire such DSC(s) in the name of their authorized signatories (maximum of two authorized signatories is permitted)” ...</p> <p><i>Please confirm that "authorized signatories" described here is the same as "Authorised Persons" referred to in Clause 4.2.1.1 at page 27.</i></p>	<p>Yes.</p>
149.	<p><b>5.1 &amp; 4.2.1.1,</b>            Clause 5.1 of the NIA states that “A soft copy of the Public Key of the Digital Signature Certificates of the authorized personnel needs to be sent to the Auction Administrator”</p>	<p>Yes.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>Please confirm that "authorized personnel" described here is the same as "Authorised Persons" referred to in Clause 4.2.1.1 at page 27.</i></p>	
150.	<p><b>5.4.5,</b>            Clause 5.4.5 states that the EMD requirement associated with a bid after the first clock round will be ..."the sum of the Earnest Money Deposit requirements associated with the Number of Block(s) in those service areas in each of the bands 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 has been submitted by the Bidder in the current Clock Round)..."</p> <p><i>Please confirm that EMD requirement also includes EMD corresponding to any incremental bids (i.e. demand for additional blocks) placed in the current round by a Provisional Winning Bidder from the previous round.</i></p>	<p>Yes, If bidder increases No. of blocks, the corresponding EMD (per block) will be utilized from total EMD.</p>
151.	<p><b>5.4.9,</b>            As per NIA, Clock rounds will typically only be scheduled to begin between the hours of 9 and 19.30 (Indian Standard Time) on Monday through Saturday, except national holidays). (Clause 5.4.9)</p> <p><i>Please consider not scheduling the auction on Saturdays as most likely participants in the auction are normally closed on Saturdays. Opening up the office only for the purpose of the auction team leads to unnecessary wastage and is against the principles of green telecoms.</i></p>	<p>The auction shall be scheduled as mentioned in the NIA condition.</p>
152.	<p><i>To avoid ambiguity, DoT may give the exact date and time, upto which withdrawal of bids will be permitted.</i></p>	<p>Please refer Amendment No.1 to NIA.</p>
153.	<p><b>8.3.1.1.,</b>            In the format given in 8.3.1.1 on page 85 of the NIA,</p> <p><i>please clarify that the existing licenses which are expiring in 2014, as per DoT, should be be marked "yes" in which category i.e. "Existing Licensee" or "New Entrant".</i></p>	<p>Should be marked 'Yes' under category 'New Entrant'.</p>
154.	<p><b>8.3.1.1.,</b>            Mumbai and Kolkata service areas are not mentioned in the format given in 8.3.1.1.</p>	<p>Please refer Amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<i>Request you to amend 8.3.1.1 accordingly.</i>	
155.	<b>8.3,</b> <i>Format of Application Checklist at 8.3 on page 77 – 78, point no. 14 is missing. Please clarify.</i>	Please refer Amendment No. 2 to NIA.
156.	<b>8.3,</b> In regard to Format of Application Checklist at 8.3 on page 77 – 78, Please clarify that Sl. No. 15 does not pertain to a company having existing licences which are expiring in 2014 as per DoT.  <i>In our view, the undertaking mentioned in Sl. No. 15 of the Application Checklist corresponds to undertaking in the format mentioned in format given in 8.3.4 and since the existing licences which are expiring in 2014 have valid licence and they are also not Prospective New Entrants, both Sl. No. 15 of the Application Checklist and 8.3.4 do not apply to the cases of existing licences which are expiring in 2014 as per DoT. Request confirmation.</i>	Please Refer to Amendment No.2 to NIA.
157.	<b>8.3.3,</b> <i>The Format in 8.3.3 on page 90 of the NIA does not apply to a company having existing UAS licences which are expiring in 2014 as per DoT, since they have existing valid UAS licence. Please clarify.</i>	Please refer to Amendment No.2 to NIA.
158.	<b>8.3 / 8.3.4,</b> In regard to Sl. No. 15 of the Format of Application Checklist and the undertaking mentioned in 8.3.4, if DoT is of the view that respective provision / undertaking apply to existing licences which are expiring in 2014 as per DoT, then we submit as follows:  If the Associated Licensee, Common Parent and/or even the Group Bidding Entity is/are/include company(ies) whose licenses are expiring in 2014 (as per NIA), then the Group Bidding Entity and the other respective company whose license is expiring in 2014(as per NIA) can give declaration that such company whose license is expiring in 2014 (as per NIA) will meet eligibility condition for UL including eligibility condition as defined in Clause 3.2(viii) of NIA regarding Networth and in Clause 3.2(x) regarding Paid Up Capital, then this should suffice DoT’s requirements. Since such company whose license is expiring in 2014 (as per NIA) will be either Group Bidding Entity itself or will be a Common Parent or an Associated Licensee, having a Common Parent, it	Please refer to Amendment No.2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>will be meeting the conditions under Clause 3.4 of the NIA. In any case the Joint Undertaking to nominate Group Bidding Entity will be provided even for licenses which are existing but which are expiring in 2014.</p> <p><i>In this regard, we draw your attention to the draft undertaking as mentioned 8.3.4 of NIA (Page 91). In our view this draft undertaking is not applicable in the above case. In any case it should be replaced by a simple joint undertaking by Group Bidding Entity and the Associated Licensee as suggested above.</i></p> <p><i>We specifically draw your attention to Clause ‘c’ of the said draft undertaking which states as follows: “(c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a Unified Licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum of at least 26% (“New Entrant Nominated Unified License Applicant”);”</i></p> <p>In the event such draft undertaking is applicable as per DoT for above mentioned cases then we request the following change in the wordings of this Clause (c) as stated below:</p> <p><i>“(c) That in case the Applicant (Group Bidding Entity) is declared a Successful Bidder in the Specified Service Area, its Nominator (Associated Licensee / Common Parent which will include such Associated Licensee / Common Parent company whose license is expiring in 2014 and which has signed Joint Undertaking) or where there is no Nominator then the Group Bidding Entity itself shall apply for a Unified Licence in the Specified Service Area.”</i></p> <p>Since under Clause 3.4 of NIA the Associated Licensees are licensees that are controlled by a single entity (the “Common Parent”) which also has at least 26%shareholding, directly or indirectly, in the respective companies (Associated Licensees), the minimum common shareholding concern is automatically met in the suggested change. The suggested draft of Clause (c) of the above mentioned draft undertaking addresses a valid situation where the such undertaking is to signed by a Group Bidding Entity, which may not be the Common Parent but is only an Associated Licensee under Clause 3.4 of NIA and where it’s another Associated Licensee/it’s Common Parent Company is one whose license for a Service Area is expiring in 2014</p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>(as per NIA) and who has nominated Group Bidding Entity for that Service Area needs to continue its business under the Unified License. It is important to note that the continuation of the same company having Unified Access Service License expiring in 2014 (as per NIA) is important for various reasons, including that such company may have won 3G spectrum in 2010 auctions.</p> <p>If undertaking as mentioned in 8.3.4 is still required then changes suggested in its Clause c of its draft along with any other other necessary change will be needed.</p> <p><i>We request clarity on this and request that our suggestion be considered.</i></p>	
159.	<p><i>In point 6 and 8 of the application format, please clarify that “networth” and “paid-up capital” of the promoter/ partner / shareholder is not required to be given in and can be shown as “Not Applicable” if the applicant’s own networth and paid up capital is sufficient.</i></p>	<p>It is clarified that In point 6 and 8 of the application format, networth” and “paid-up capital” of the promoter/ partner / shareholder is required to be given even if applicant’s own networth and paid up capital is sufficient. Please refer Amendment No.2 to NIA.</p>
160.	<p><i>In clause 6, net worth provided as on the date of last audited financial statement but not older than one year from the date of application will be accepted. Please clarify.</i></p>	<p>Please refer Amendment No.2 to NIA</p>
161.	<p><i>In point 7 of the Application Format, all the licences including the licences which are due to expire in 2014 as per DoT will be mentioned. Since, such licences are currently held, undertaking requirement as mentioned in the Note to point 7 will not be applicable. Please clarify.</i></p>	<p>Undertaking is required and to be given</p>
162.	<p>Point No. 11 of the Application Checklist states that “Non-refundable application fee of Rs. 100,000/- for <b>each</b> auction payable to Pay and Accounts Officer(HQ), DoT, New Delhi”</p> <p>Since the Auction under this NIA is one and only for 1800MHz and 900MHz, please clarify that only one application with Rs.100,000/- application fee is to be submitted by Group Bidding Entity. The word “each” should be deleted from Point 11 of the Application Check list.</p>	<p>It is confirmed. Please Refer Amendment No.2 To NIA.</p>
163.	<p>In the 3G and BWA Auction of 2010, the NIA provided that “3G/ BWA Spectrum to be assigned in the two Auctions shall not be counted for calculating the slab of the total spectrum holding by a licensee for levy of spectrum usage charges” and hence the SUC slab remained unchanged for the existing operator revenues. However, in the current Auction NIA, it is mentioned that the spectrum won in auction will get added</p>	<p>The terms and conditions of respective NIA are applicable.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>to the existing spectrum for the purpose of computation of SUC. In case the spectrum won is intended for use as 3G/WCDMA or BWA/LTE, we understand that treatment of spectrum usage charges would be same as that in earlier auctions i.e. the spectrum won in the auction and proposed to be used for 3G or LTE, would not be added to existing spectrum holding for calculating Spectrum Usage Charges. Any other interpretation would imply that the existing revenues will also get charged at a higher SUC slab which is not in line with the previous auction rules and also disincentivizes the existing operators to bid.</p> <p><i>Please confirm or explain the rationale if this is not the case.</i></p>	
164.	<p>Until now, the SUC policies floated by DoT have been “Technology Dependent” as there are separate SUC slabs for GSM/CDMA/3G/BWA. In keeping with the past policies, and until such time the uniform SUC is implemented, the usage of 1800 MHz for LTE would be subjected to 1% SUC at par with BWA.</p> <p><i>Please confirm or explain the rationale if this is not the case.</i></p> <p><i>Also please confirm that if Spectrum is going to be used for LTE - will 1% SUC apply separately only for revenue generated by LTE revenue?</i></p>	<p>Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.</p>
165.	<p>One of the Objectives of the Auction has been mentioned as “Ensure efficient use of spectrum”. Efficient usage of spectrum can also be achieved by proper allocation of spectrum blocks / swapping of spectrum which would lead to benefits in the long run inspite of the cost involved now.</p> <p><i>Would the DoT confirm that it would ensure this activity prior to commencement of auction?</i></p>	<p>Harmonizing and reconfiguration of spectrum is a continuous process subject to availability, co-ordination and technical feasibility.</p>
166.	<p><i>Please clarify the rollout obligations if 900/1800 has to be used for WCDMA/LTE. We assume it would be same as that specified for 3G/BWA? Naturally, in such a case, the block coverage would not be applicable, please confirm.</i></p>	<p>Roll out obligations as specified in this NIA are applicable.</p>
167.	<p>The total spectrum being auctioned is 403 MHz out of which there is only 200 MHz which is contiguous and is available across the circle. The balance is either non-contiguous or not available across the circle. For most bidders who bid for 5 MHz, a non-contiguous spectrum has zero value. The current auction design is for two different products with either some value (contiguous) or no value (non-contiguous)</p>	<p>No change in NIA conditions.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>and bidders are being forced to bid for something with value, where they may land up being allocated something which is of no value. In light of this, it is recommended that 2 separate auctions – one of contiguous spectrum and the other for non-contiguous be held.</p> <p><i>Please confirm or explain how DoT proposes to address this anomaly.</i></p>	
168.	<p>The TRAI &amp; DoT have in the past justified higher reserve price on account of contiguous liberalized spectrum. In case such contiguous spectrum is not available,</p> <p><i>please confirm the revised price at which non contiguous spectrum would be available for auction.</i></p>	NIA conditions are self-explanatory.
169.	<p><i>Please confirm that for all winners of 5 MHz in a particular band :</i></p> <ul style="list-style-type: none"> <li>• <i>5 MHz spectrum will be given in a contiguous band so that it can be used for any technologies during the 20 year period for which this spectrum is available to Operators.</i></li> <li>• <i>In case the contiguous spectrum is not allocated, and hence the spectrum allocated is not capable of being used for technologies like WCDMA and LTE, please confirm whether the government will assign a different price. The Government response is critical for the bidder to value the spectrum correctly.</i></li> </ul>	No different price is applicable for non-contiguous spectrum.
170.	<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 &amp; 2G 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 price paid for spectrum.</p> <p><i>Kindly confirm.</i></p>	Cases of harmful interference, if any, are addressed in accordance with relevant Radio Regulatory provisions on case to case basis.
171.	<p><i>Kindly 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 or 2.5 or 5 MHz) in any frequency band for any category of operator, will always be allocated through auction. If not, then please inform what can be the other ways of allocating spectrum.</i></p>	Spectrum shall be made available under specified procedures, instructions, terms & conditions including that of payment for said allotment of spectrum as prescribed by Government from time to time.
172.	<p><i>Kindly confirm that DoT would not administratively allocate any spectrum or change the price of spectrum through administrative mechanism in future.</i></p>	Spectrum shall be made available under specified procedures, instructions, terms & conditions including that of payment for said allotment of spectrum as prescribed by



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
		Government from time to time.
173.	<p>Spectrum Usage Charges</p> <ul style="list-style-type: none"> <li>○ <i>Please confirm whether the uniform spectrum charges would be implemented before auction.</i></li> <li>○ <i>Since the 'New Entrant' is required to bid for minimum 5 MHz of spectrum in auction, the first slab for the Spectrum Usages Charges should be "upto 5 MHz" instead of current slab of "upto 4.4MHz" for GSM operators (applicable for 900/1800 MHz band) in line with charges for CDMA operators (applicable for 800 MHz band) i.e. both GSM and CDMA operators should pay similar spectrum usage charge of 3% for spectrum upto 5 MHz.</i></li> <li>○ <i>As per the DOT all spectrum being auctioned now is liberalized and can be used for any technology, then how can spectrum usage charges be specified differently for GSM and CDMA operators. The differential Spectrum Usage Charges seem to be arbitrary and lacking any rationale. The reasoning for this differential may be explained.</i></li> </ul>	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.
174.	<p>The current licenses provide for extension of licenses for a further period of 10 years on mutually agreed terms at the end of expiry of the initial period of first 20 years.</p> <p><i>Kindly explain as to how the DoT proposes to implement the same.</i></p>	Matter is sub-judice.
175.	<p><i>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. Please refer to TRAI recommendations - The Authority recommends that, before the upcoming auction, the DoT should come out with a clear roadmap indicating the quantum of spectrum which will be available in future along with time-lines so that licensees whose licenses are due for renewal in 2015/16 can take an informed decision about bidding for spectrum in the 1800 MHz band.</i></p>	Schedule of subsequent Auction will be indicated from time to time.
176.	<p><i>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 start of the auction, so</i></p>	Extant guidelines and license conditions are applicable.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<i>that bidders have clarity on use of Active sharing to plan for bidding.</i>	
177.	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,  <i>please clarify the M&amp;A policy before auction so that Bidders can make informed decision.</i>	The M & A guidelines will be as notified by the government from time to time.
178.	<i>Please clarify the spectrum pooling /leasing policy for the spectrum put to auction before the auction so that Bidders can make informed decision.</i>	The spectrum trading and sharing guidelines will be as notified by the government from time to time.
179.	<i>(a) If no applications or bids are received in the auction for any of the service area in any specific band, will the government reduce the reserve price, as done previously in the case of 1800 MHz and 800 MHz auctions?</i>	The queries are not related to the present NIA.
180.	<i>(b) If there is some unsold spectrum in 1800/900 MHz but price is established, will the Government later allocate spectrum on auction basis or administrative basis at the price discovered through the auction? If administrative basis, when would application be received?</i>	The queries are not related to the present NIA.
181.	The NIA proposes to use the auction price as the market price, which is fine where the demand is equal to supply. However, in case only a part of the spectrum put up for auction is taken up at reserve price, it should not be treated as the market price.  <i>Kindly clarify the policy in this regard and the rationale of using the high reserve price as a measure of market price in a case where the demand is less than supply.</i>	The NIA conditions are self-explanatory.
182.	<i>The counting of 20 years should be done from the date of allowing commercial usage of spectrum and not from the date of Lol. Please confirm?</i>	The NIA conditions are self-explanatory.
183.	<i>Section 1.3 talks about applicability of spectrum caps. In order to remove any uncertainty, we would request the DoT to please specify the number of block each existing operator can bid for in each service area considering the current allocation of spectrum?</i>	Spectrum cap is defined in the NIA. Bidders are required to bid accordingly. No further clarification is required.
184.	As per clause 2.3 of the NIA, there are no restrictions on the technology to be adopted for providing services within the scope of the service license using spectrum blocks allotted through this auction. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services using spectrum	The NIA conditions are self-explanatory.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>blocks allotted through this auction within one month of obtaining the licence, if the technology happens to be other than GSM/CDMA/WCDMA. In case of change of technology, while rolling out the networks for compliance of roll out obligations, information regarding the new technology should be given at least one year before any new technology Base Station site is offered for testing. In this regard, please confirm</p> <ul style="list-style-type: none"> <li>• <i>An existing operator who has existing spectrum acquired from 1996 or any time thereafter and wins new 5 MHz block in 1800 MHz and / or 900 MHz in 2014 auction, would the operator be allowed to deploy any technology including WCDMA and LTE without any restriction. If no, please provide the reason thereof.</i></li> <li>• <i>An existing operator who has existing spectrum and wins new 5 MHz block in 1800 MHz and / or 900 MHz in 2014 auction, and chooses to deploy WCDMA or LTE in this freshly acquired 5 MHz block, would not be asked to liberalize his existing spectrum holding held before the auction for remaining period of the spectrum contract.</i></li> <li>• <i>An existing operator who has existing spectrum and wins new 5 MHz block in 1800 MHz and/or 900 MHz in 2014 auction, and chooses to deploy WCDMA or LTE would have Spectrum usage charges similar to those already prescribed for WCDMA / BWA in 2100 MHz and 2300 MHz bands as per NIA No.P-11014/13/2008-PP dt.25-02-2010</i></li> </ul>	
185.	<p>As per clause 3.2 on Associated Eligibility Conditions , Lock-in Conditions: “There shall be a Lock-in period for equity of a person whose share capital is 10% or more in the bidding company/Group Bidding Entity/Associated Licensee/Nominee Company on the effective date of Unified License and whose net worth has been taken into consideration for determining the eligibility for bidding for spectrum, till completion of 3 years from the date of allotment of spectrum or till fulfillment of all the Roll-out obligations prescribed in the NIA, whichever is later. However, this is subject to revision in accordance with the Guidelines on Trading of Spectrum when issued.” In this regard, please confirm :</p> <ul style="list-style-type: none"> <li>• <i>An existing operator, who is more than 3 years old in service operation, may not have any current lock in restriction. In such a scenario, why should he be now subject to fresh restriction?</i></li> <li>• <i>Since the spectrum is being obtained through auction, what is the basis for prescribing any lock in condition?</i></li> </ul>	<p>Lock in condition prescribed in this NIA shall not be applicable for acquisition of Incremental Spectrum. Please refer Amendment No. 2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
186.	<p><b>Pg 6 - 1.3</b>, “The award of Spectrum in 1800MHz and 900MHz band shall be conducted as a single process. <u>A common Notice has been issued only for the sake of convenience.</u>”</p> <p><i>The meaning of the underlined portion is not clear if in any case it is a single process.</i></p>	The Condition in NIA is self-explanatory.
187.	<p><b>Pg 7 - 1.3 – Liberalized Spectrum</b> The term “liberalized” spectrum is used. What is the definition of liberalized spectrum?</p> <p>The is required because even as per NTP 1999 the spectrum allotted was technology neutral and now this new term of Liberalized Spectrum has been brought in. It is essential that the term Liberalised Spectrum is clearly defined and the implications of the same are made clear. Please clearly explain the process of spectrum liberalization? Please also confirm that in principle spectrum liberalization does not require any approval and is only a mechanism where the licensee pays the difference between the administered price and the market price?</p> <p>Further DoT had in January, 2013 issued letters to licensees for levy of one time spectrum charges. This demand also included “one time charge for the balance valid period of license effective from 1.1.2013”. This demand is currently under litigation. However, in case this amount of one time spectrum charges becomes payable, then please confirm that on payment of such one time spectrum charges, the quantum of spectrum on which such charges are paid will be deemed to be liberalized and no further action will be required by the licensee to liberalize that spectrum on which such payment is made.</p>	Refer section 2.3 of NIA.
188.	<p><b>Pg.9 – 2.1 and Pg 15 - 3.2 (iii)</b> Clause 2.1 (a) (II) states – “Minimum number of blocks to be bid shall be 25 in 1800 MHZ band for new entrant while existing licensee shall bid for minimum of 3 blocks in 1800 MHZ band.” Also 3.2 (iii) states “Bidders whose licenses are due for expiry in 2014 and their spectrum put to auction will also be treated as 'New Entrants'.”</p> <p>This condition is OK for 900 MHz, where every operator whose license is expiring is currently holding spectrum in excess of 5 MHz. However, the above clauses would also erroneously imply (although that may not be the intention) that a bidder whose</p>	No change in NIA conditions.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>license is expiring and who currently holds 1800 MHz band spectrum significantly less than 5 MHz and is <u>only interested in renewing his existing spectrum holding will be forced to bid for a minimum of 5 MHz in 1800 band.</u> Hence, for a bidder whose license is expiring, the minimum bid should be <u>3 blocks in 1800 MHz band and not 25 blocks as currently implied.</u></p>	
189.	<p><b>Pg 13 – 2.1, Page 14 – 2.3 and other places also – Indexation of Auction Price</b></p> <p>Clause 2.1 states that “..amount to be collected in future at the time of providing balance spectrum would be the balance prorated bid amount indexed on the SBI PLR prevalent for the period between finalisation of bid price and actual allocation made”.</p> <p>Clause 2.3 states that “If the auction determined price is more than one year old then the prevailing market rates would be determined by indexing the last auction process at the rate of SBI PLR”</p> <p>The first point to be made here is that any market price is a factor of demand and supply and should be so determined, as far as possible. However, if that is not possible, we do not find any rationale for escalating the spectrum price discovered in an auction for the following reasons –</p> <ul style="list-style-type: none"> <li>○ If we look at the last few auctions the price of spectrum has actually been coming down from the 3G auction, to the auction held in Nov’12 and the reserve price announced for the auction proposed to be held in Mar’13. Hence, to make an assumption that spectrum price should be escalated is not correct.</li> <li>○ This is all the more important, where the demand for spectrum in an auction is less than supply at the reserve price. This implies that the genuine market price at which demand will equal supply is less than the reserve price. There can be no case of applying any indexation to the auction reserve price if the entire spectrum put up for auction is not taken up at that price.</li> </ul> <p>Hence, we have the following submissions –</p> <ul style="list-style-type: none"> <li>○ No indexation should be done on the auction price to determine a future market price. The government can actually decide that if any</li> </ul>	No change in NIA Condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>spectrum is available, an auction will be conducted at a given frequency, so that an auction determined price which is used as a measure of market price is never too old at any given time.</p> <ul style="list-style-type: none"> <li>○ In any case it is impossible to apply indexation when the entire quantity being put to auction is not taken up at reserve price. This actually necessitates that the auction should be conducted again at a lower reserve price, rather than indexing the already inflated reserve price. Please confirm that even if it is finally decided to apply indexation, it will not be applied in cases where the entire quantity being put to auction is not taken up at reserve price. If the answer is in the negative, kindly explain the rationale.</li> <li>○ If any mechanism of indexation is applied it should be based on suitable measures of inflation like WPI or anything similar. A bank interest rate represents the time value of money and it cannot be used for indexation of spectrum price. Please confirm that the rate for indexation will be changed as suggested and if not, please inform the rationale of using time value of money as opposed to an inflation index for such indexation.</li> </ul>	
190.	<p>The NIA currently specifies as under –</p> <p><b>Para 2.3 Technology</b></p> <p>There are no restrictions on the technology to be adopted for providing services within the scope of the service license using spectrum blocks allotted through this auction. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services using spectrum blocks allotted through this auction within one month of obtaining the licence, if the technology happens to be <u>other than GSM/CDMA/WCDMA</u>. In case of change of technology, while rolling out the networks for compliance of roll out obligations, <u>information regarding the new technology should be given at least one year before any new technology Base Station site is offered for testing</u>. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/ bodies/ Industry.</p>	Please refer to Amendment No.2 to NIA.
191.	<p><b>Para 3.6.1 (ix) Roll Out Obligations</b></p> <p>The Successful Bidder shall ensure the rollout of network using the spectrum band won in this auction process as per the rollout obligations mentioned above. Rollout coverage testing will be carried out as per test schedule/procedure (TSTP). Currently TSTP for GSM/WCDMA and CDMA technologies are available. The same would be updated as per rollout obligations mentioned here. The licensee will have to inform</p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

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	<p>the choice of technology other than those mentioned above within one month of obtaining the licenses so that the test schedule can be prescribed. The licensee will have to continue its roll out of network without linking it with the availability of test schedule/procedure.</p> <p>We have the following comments based on a combined reading of the above.</p> <ul style="list-style-type: none"> <li>• We do not see any reason for excluding LTE as a technology option under para 2.3. Hence, in our opinion LTE should be included to say GSM/CDMA/WCDMA/LTE.</li> <li>• Under roll out obligations, it is implied that the TSTP for LTE is not available as yet. TSTP is only relevant in the context of rollout obligations. The rollout obligations will need to be tested 5 years after allocation of spectrum in case of LTE technology. This is a long time and by then TSTP for LTE would definitely be available. Hence, there is no rationale of making a distinction between GSM/CDMA/WCDMA and LTE in Clause 2.3.</li> </ul> <p>In light of this <b>we suggest to revisions as under –</b></p> <p><u>Clause 2.3 para 1</u> - “There are no restrictions on the technology to be adopted for providing services within the scope of the service license using spectrum blocks allotted through this auction. The successful bidder shall provide details of the technology proposed to be deployed for operation of its services using spectrum blocks allotted through this auction within one month of obtaining the licence, if the technology happens to be <u>other than GSM/CDMA/WCDMA/LTE</u>. In case the technology is either of GSM/CDMA/WCDMA/LTE, then no notification needs to be made. The technology should be based on standards approved by ITU/TEC or any other International Standards Organization/ bodies/ Industry.”</p> <p><u>Clause 3.6.1 (ix)</u> - “The Successful Bidder shall ensure the rollout of network using the spectrum band won in this auction process as per the rollout obligations mentioned above. Rollout coverage testing will be carried out as per test schedule/procedure (TSTP). Currently TSTP for GSM/WCDMA and CDMA technologies are available. The same would be updated as per rollout obligations mentioned here. The licensee will have to continue its roll out of network without linking it with the availability</p>	<p>Please refer to Amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>of test schedule/procedure.”</p> <p>In case this cannot be done, then –</p> <ol style="list-style-type: none"> <li>a. Please explain the reason why LTE is being treated differently from GSM/CDMA/WCDMA?</li> <li>b. There are existing allocations of spectrum being deployed for LTE and if TSTP is being developed for those cases, why is there a separate need for notification by the winners in this auction. In light of the foregoing, please clarify the rationale for one year notification for use of LTE technology?</li> <li>c. Please confirm that the spectrum won in this auction can be used for LTE from day one without any need to notify.</li> <li>d. What will constitute “change in technology” under Clause 2.3 para 1. Few specific questions are as under –               <ol style="list-style-type: none"> <li>1. In case no notification is made in the first instance if the technology to be deployed could be either GSM or WCDMA, then a decision to shift between GSM and WCDMA would not constitute a change of technology. Please confirm this understanding is correct.</li> <li>2. In case no notification is made in the first instance where the technology to be deployed could be either GSM or WCDMA, then if later a decision is made to use LTE, that will constitute a change of technology. In such a case information regarding new technology will have to be given not later than 4 years from the date of allocation of spectrum, which will be one year before the 5 year period over which roll out obligation for LTE is to be completed.</li> <li>3. In case in the first instance the choice of technology is LTE and information is provided in one month as specified for this choice of technology and subsequently roll out is done based on LTE technology, there is no change of technology and no further action is required by the holder of spectrum.</li> <li>4. In case in the first instance the choice of technology is LTE and information is provided in one month as specified for this choice of technology and subsequently it is decided to roll out based GSM / WCDMA, will this constitute change of technology. If yes, what</li> </ol> </li> </ol>	<p>NIA is self explanatory.</p>



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>information needs to be provided and what is the rationale for the need to provide this information.</p> <p>5. Other than cases mentioned in (ii) and (iv) above what else would constitute a change of technology?</p>	
192.	<p><b>Pg 13 - 2.3, Para 2, Page 35 - 4.10, Spectrum Sharing</b>            Clause 2.3 states that “Existing Licensees will be allowed to use the additional spectrum block(s) allotted through this auction to deploy any technology other than GSM/WCDMA, by combining with their existing spectrum holding in <u>the same band</u> after converting their entire <u>existing spectrum holding into liberalized spectrum in the same band</u> as per the terms and conditions to be specified.” Clause 4.10 states that “Operators whose entire spectrum holding in a particular band(900MHz/1800MHz) is/has been liberalized would be permitted to share spectrum without any additional one time spectrum charge.</p> <p><i>“Please confirm that for this purpose 900 MHz and 1800 MHz will be treated as separate spectrum bands?”</i></p>	Spectrum sharing guidelines will be as applicable from time to time.
193.	<p>What is the rationale for asking existing operators to liberalize the <u>entire spectrum</u> in a particular band for deploying any new technology? Why can’t an operator who wants to use part of existing spectrum in a particular band for a new technology, be allowed to liberalize that much spectrum only?</p>	No change in the NIA conditions.
194.	<p><i>Please confirm where an existing 2001 operator having 4.4 MHz in 900 MHz band and 2 MHz in 1800 MHz band wins fresh 3 MHz in 1800 MHz band in January 2014 auction, that operator would be allowed to deploy the entire 5 MHz of 1800 MHz for LTE by liberalizing only the existing 2 MHz holding in 1800 MHz band.</i></p>	No change in the NIA conditions.
195.	<p><u>Pg 13 - 2.3, Para 2</u>            Clause 2.3 states that “Existing Licensees will be allowed to use the additional spectrum block(s) allotted through this auction to deploy any technology other than GSM/WCDMA, by combining with their <u>existing spectrum holding in the same band</u> after converting their entire <u>existing spectrum holding into liberalized spectrum in the same band</u> as per the terms and conditions to be specified.”</p> <p>Our understanding of the above is as under –</p>	This clause is self explanatory.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> <li>○ If existing licensees win any spectrum in this auction and they deploy it for GSM / WCDMA, by combining with their existing spectrum held before the auction, they are free to do so <u>without any kind of approval whatsoever and without any need to convert the existing spectrum holding to liberalized spectrum</u>. Please confirm or inform the correct position.</li> <li>○ If existing licensees win any spectrum in this auction and they deploy it for any technology other than GSM / WCDMA (eg.LTE or any other technology), by combining with their existing spectrum held before the auction, then the following will apply – <ul style="list-style-type: none"> <li>• In case such licensee deploys only the spectrum won in this auction for such other technology (including but not limited to LTE) and does not use any existing spectrum held before the auction for such other technology, then the existing licensee is free to do so without any further action. Please confirm or inform the correct position.</li> <li>• In case such licensee deploys the spectrum won in this auction for such other technology (including but not limited to LTE) and combines it with any existing spectrum held before the auction for such other technology, then it will have to liberalize the entire existing spectrum held in the relevant band before doing so. For this purpose 900 MHz and 1800 MHz bands will be treated as separate bands. Please confirm or inform the correct position.</li> <li>• In case an existing licensee needs to liberalize the existing spectrum as specified in para (ii) above, such liberalization can be done by completing the liberalization process without the need for any approval from any authority. Please confirm or inform the correct position.</li> <li>• For this the process of liberalization needs to be clearly laid out before the auction and specific timelines should be laid down for the different steps, so that the liberalization as defined can be achieved within a period not exceeding one month. Please inform the liberalization process.</li> </ul> </li> </ul> <p>Kindly confirm that the above understanding is correct. Please also provide the</p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	process of liberalization with timelines.	
196.	<p><u>Pg 14 - 2.3, Second line</u> The word “process” should be changed to “price”</p> <p>Please confirm that indexation, where applicable, would be as under –</p> <ul style="list-style-type: none"> <li>○ Auction determined price less than one year old – no indexation</li> <li>○ Auction determined price more than one year but less than 2 years old – 1 year indexation</li> </ul> <p>Auction determined price more than 2 years but less than 3 years old – 2 year indexation and so on.</p>	Confirmed. Please refer Amendment No.2 to NIA.
197.	<p><u>Pg 14 - 2.3, Para (i)</u> “In case of change of technology, by the licensee following must be ensured:</p> <ul style="list-style-type: none"> <li>○ Continuity of coverage, provisioning, delivery, quality of service in the network deployed with the earlier technology”</li> <li>○ “Licensee will be required to submit the test reports as per the test schedule/ procedure to the licensor who may also carry out sample verification”.</li> </ul> <p><i>i. What is meant by Continuity of Coverage?</i></p> <p><i>ii. Does it mean that the coverage provided by new technology has to be the same as being provided by the earlier technology?</i></p> <p><i>iii. It may be noted that it can happen that new technology cannot provide the same coverage as existing technology due to various technical and business reasons. It may take time to build the coverage in any new technology or network. Moreover the coverage requirements for voice and data are quite different. So, please clarify what is meant by this clause.</i></p> <p><i>iv. Please also clarify, If the earlier deployed technology also continues on a portion of the band, then what is the implication and meaning of this “Continuity of Coverage”?</i></p> <p><i>v. this condition makes different roll out obligation on an existing player vs. a new player, which is completely unjustified. Please explain</i></p>	<p>Continuity of coverage means availability of facilities to customers in that area even in case of change in technology. For any withdrawal of service, prescribed procedure in the license has to be followed.</p> <p>The roll out obligations will be as prescribed in the NIA. Please refer Amendment No.2 to NIA.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<i>rationale behind the same.</i>	
198.	<p>In future, it is possible to use part of the spectrum band for a new technology and part with existing technology due to fall in demand for existing technology. For example: if an operator has 9 MHz deployed in GSM and GSM demand falls in urban markets, 5 MHz can be converted to LTE/3G and remaining 4 MHz or more be kept for GSM in urban while rural services on GSM may continue.</p> <p><i>In such an eventuality, how does the DoT intend the Operator to submit test report and meet roll-out obligation and deliver quality of service?</i></p>	NIA is self-explanatory.
199.	<p>Para (III) “ For use of technology other than GSM, CDMA, WCDMA, LTE and WiMAX, prior clearance will be required to ensure that harmful interference is not caused to the already operating technologies either in the same band or in the adjacent bands.”</p> <p><i>From the above it is understood that no prior permission is required to launch LTE on any of the spectrum bands won in this auction. This is applicable both for abinitio use of the spectrum won in this auction for LTE and also for change in technology whether spectrum won in this auction or allocated administratively. Please confirm.</i></p>	NIA is self-explanatory.
200.	<p><u>Pg 15 – 3.2, Para (vi) and Page 43, 5.3.1</u>            Para 3.2 (vi) states – “Total Spectrum assigned for unpaired and both uplink and downlink spectrum in case of paired spectrum is taken in to account.”</p> <p><i>Spelling of “paired” needs to be corrected.</i></p> <p><i>This is contradictory to last para of 5.3.1 on Pg 43, which states “Total Spectrum Assigned for unpaired and only one side of spectrum in case of paired spectrum is taken into account.” This contradiction needs to be resolved.</i></p>	Please refer to Amendment No.2 to NIA.
201.	<p><u>Pg 15 – 3.2, Para (viii) and Pg 16 Para (x)</u>  <i>Please confirm that if an applicant is an “Existing Licensee” for all circles where it intends to participate in the auction, then such operator does not need to provide any “ net worth certificate” or “equity capital certificate” as provided in 3.2 (viii) and 3.2 (x). The application form and Annexures will also need to be suitably revised in line with this, as currently the application checklist necessarily requires Certificate of paid up capital and net worth (Pg 77 - Items 6 and 7).</i></p>	The eligibility conditions prescribed in the NIA for Existing Licensee and New entrants will apply. It is clarified that if existing licensee bids for service area where it does not have authorization for Access Services, then he will be treated as a New entrant in that service area.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
202.	<p><u>Page 18 - Roll Out Obligations</u>  <i>This clause does not mention the roll out obligations in case the spectrum won in this auction is deployed for LTE technology. We presume that the roll out obligations would be the same as for the BWA (LTE) auction. Please confirm.</i></p>	Roll out obligations are self-explanatory.
203.	<p><u>Page 20 para (viii)</u>                      The NIA assumes that an operator will have to roll out the network even if the MW spots for backhaul are not provided. It may be noted that MW back haul is essential to roll out any network. It is not feasible to connect all sites on OFC. Hence our plea is that MW spots should also be allotted to the successful bidders and the roll out obligations should be linked to the allotment of MW spots. In any case the DoT policy on allocation of microwave spots needs to be equally applied on all operators.   <i>Please confirm.</i></p>	Microwave spots for Backhaul are not mandatory for roll out and therefore Roll out obligation cannot be linked to allotment of Microwave spots.
204.	<p>Page 20 Para (ix) ‘The Successful Bidder shall ensure the rollout of network using the spectrum band won in this auction process as per the rollout obligations mentioned above. Rollout coverage testing will be carried out as per test schedule/procedure (TSTP). Currently TSTP for GSM/WCDMA and CDMA technologies are available. The same would be updated as per rollout obligations mentioned here. 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 test schedule can be prescribed. The licensee will have to continue its roll out of network without linking it with the availability of test schedule/procedure.’</p> <p>This implies that an Operator can launch WCDMA technology based network without informing the Licensor on any of the bands won in the auction. Please confirm.</p> <p>In case of any other technology like LTE, the Operator is only required to inform the Licensor about the technology it is going to use and can continue with its roll out without linking to TSTP or any other issue involved.   <i>Please confirm.</i></p>	<p>It is confirmed.</p> <p>For LTE, it is confirmed.</p>
205.	<p><u>Pg 22 – Clause 3.6.1 (xii), Performance Bank Guarantee (PBG)</u>                      Clause 3.6.1 (Xii) requires Rs 21 crores Performance Bank Guarantee from existing Licensees. This is addition to the PBG given by these licensees. This is duplication of PBG and should be deleted.</p>	Please refer to Amendment No.2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

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	<p><i>If not, then kindly explain the rationale behind the same.</i></p>	
206.	<p><b>Page 22 / 33 – 3.7 Spectrum Usage Charges (SUC)</b> Anomaly No.1</p> <p>At the outset, our submission is that the SUC regime should be revised to a flat SUC charge as has also been recommended by TRAI. The spectrum values calculated by TRAI and their recommendation of flat spectrum usage charge of 3% have to be seen in conjunction. What is happening currently is as under–</p> <ul style="list-style-type: none"> <li>○ Earlier regime was of administered license and spectrum price (pan India price of 4.4 MHz spectrum being Rs.1658 crores or 1885 crores being pro-rated for 5 MHz). Incremental spectrum was given based on subscriber linked criteria and the price of incremental spectrum was recovered in the form of a higher slab of SUC which applied to the total revenues of the company from the specified technology.</li> <li>○ Under the new regime, TRAI has proposed significantly higher spectrum prices (Rs.8,825 crores for 5 MHz of 1800 MHz band spectrum, being 4.68 times the previous price. Price for 900 MHz band is still higher). However, at the same time TRAI had recommended that the SUC should be a flat 3%, as there was no need for higher charge for higher spectrum, as the full value of spectrum was reflected in the onetime spectrum price recommended by TRAI.</li> <li>○ Unfortunately, the current auction document is marrying the two principles of charging market price for the spectrum (based on which reserve price has been derived and in most cases it represents the full value of spectrum as determined by TRAI) and still continuing to charge a higher SUC for higher quantum of spectrum. This is a double whammy for the operators.</li> </ul> <p><i>Hence, it is essential that either the flat SUC is made applicable and the same is clarified before the auction or the reserve prices are revised considering the escalating SUC being proposed in the NIA. Please inform how does DoT propose to address this anomaly ?</i></p>	<p>Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>Anomaly No.2</p> <p>Without prejudice to what is stated above, in addition to the anomaly of high spectrum price and escalating SUC charge as explained above, there is another anomaly in the NIA in following the escalating SUC compared to its existing policy as established until now. This is explained below –</p> <ol style="list-style-type: none"> <li>1. Until now the SUC policy has been technology based and hence the following are applicable – <ul style="list-style-type: none"> <li>• There is an applicable rate for GSM Operators. Here different spectrum bands like 900 MHz and 1800 MHz band are combined together, as these are both deployed for GSM technology.</li> <li>• There is a separate applicable rate for CDMA operators. Here the spectrum deployed in 800 MHz band is not combined with spectrum deployed for other technologies and hence operators who have both technologies (GSM and CDMA) have separate slabs applicable for GSM and CDMA spectrum.</li> <li>• The rate for BWA / LTE is defined as 1%. This was done at the time of BWA auction in 2010 as per NIA No. P-11014/13/2008-PP dt.25-02-2010.</li> <li>• For 2100 MHz the spectrum slab of GSM was made applicable. However, the spectrum in 2100 MHz which was deployed for 3G was not counted for the purpose of determining the relevant slab as per NIA No. P-11014/13/2008-PP dt.25-02-2010.</li> </ul> </li> <li>2. Based on the above policy which has been practiced until now and until a decision is taken on flat SUC, at the minimum the following anomalies need to be resolved in the NIA – <ul style="list-style-type: none"> <li>• As the current spectrum in 2100 MHz band deployed for 3G (WCDMA) is not counted for determining the slab for GSM SUC, similarly if any operator wins 900 MHz spectrum in the upcoming auction and deploys it fully or partially for 3G, then to the extent spectrum is so deployed, it</li> </ul> </li> </ol>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>should not be counted for determining the spectrum slab for applying SUC. Please confirm.</p> <ul style="list-style-type: none"> <li>• As the rate of SUC applicable for BWA / LTE in 2300 MHz band is 1%, similarly if any operator wins 1800 MHz spectrum in the upcoming auction and deploys it fully or partially for BWA / LTE, then to the extent spectrum is so deployed, SUC on revenue from BWA / LTE technology should be pegged at 1%. Please confirm.</li> </ul> <p>In case the DoT's stand is that SUC is band based and not technology based, then there should be separate slabs for 900 MHz and 1800 MHz i.e. the two should not be combined to determine the slab for GSM. However, it is clear from the preceding practice that the SUC has actually been technology based. Please clarify along with rationale.</p>	
207.	<p><u>Page 23 – 3.8 Duration</u> The Clause provides that “Effective Date’ shall be:</p> <ul style="list-style-type: none"> <li>▪ In case of bidders whose licenses are about to expire in 2014, preferred date of allotment of spectrum in 1800 MHz band indicated by the successful bidders, in no case later than date of expiry of existing licenses in the respective Service Area.</li> <li>▪ In case of other successful bidders in 1800 MHz Band, date of issue of LOI.</li> <li>▪ In case of 900 MHz band, date of Expiry of Existing Licenses in 2014 in respective Service Areas.</li> </ul> <p>The final spectrum allocation to a winner in the auction may include 1800 MHz spectrum (entire or part of the spectrum), which is currently held by a licensee whose license is expiring and that spectrum will become available only at the expiry of the license and not before that. Hence, in such cases the winner of the 1800 MHz spectrum which includes any such spectrum currently attached to an expiring license, should be given the option of –</p> <ul style="list-style-type: none"> <li>○ Either paying for the entire spectrum immediately after the auction with the condition that part of the spectrum will become available only when vacated by the current holder on expiry of its license. In such a case the Effective Date and payment for the entire spectrum would be based on the</li> </ul>	No change in NIA Condition.



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>date of issue of LOI; OR</p> <ul style="list-style-type: none"> <li>○ It may choose to take the entire spectrum that it has won in the auction only at the expiry of the license (s) to which the entire or part of the spectrum is attached. In such an event the payment will also be made as suggested in the next comment on payment terms.</li> </ul>	
208.	<p><b>Page 23 – 3.8, Duration and Page 31 – 4.5, Payment Terms</b></p> <p>In cases where a current licensee is bidding for spectrum which is expiring along with expiry of licenses, the payment for that spectrum should not be mandated within 10 days of the auction, <u>as this will cause undue financial hardship on licensees who are required to pay for renewal much before the license expires</u> and therefore they are required to pay for spectrum much before they can put it to use. Hence, the following is suggested –</p> <ul style="list-style-type: none"> <li>○ In case of 900 MHz where the effective date is the date of expiry of existing license and also where the operator chooses to get the 1800 MHz spectrum won in auction on the date of expiry of license, the payment should be required on the date of expiry of license. This should apply to all winners of 900 MHz (whether license expiring or not), as they will be NOT be allowed to use the spectrum won in this auction till the date of expiry of the relevant license. Even for 1800 MHz if the operator whose license is expiring does not bid for it and that spectrum is won by another operator, then also the current operator will not vacate the spectrum till the expiry of license. Hence, all spectrum associated with expiring licenses (900 or 1800 MHz) should have the effective date as the date of expiry of the relevant license.</li> <li>○ This price can be escalated by 10% p.a. (as is the rate applicable for deferred payment option) from the 10<sup>th</sup> day after the completion of auction till the date of expiry of license (when payment will be made). This will ensure that there is no price advantage to the bidder who is paying later and protects the NPV for the Government.</li> <li>○ A condition of securing the upfront payment by way of a Bank Guarantee can also be put up, which will address any concerns of a bidder defaulting at a later date.</li> </ul>	No change in NIA Condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>There is no way that payment can be asked for something today, when DoT is not in a position to deliver the spectrum now. DoT will be able to deliver the spectrum only when the license expires. <u>The auction is being conducted in advance only for administrative convenience and this cannot be used to cause undue financial hardship to winners in the auction by being forced to pay several months in advance of the spectrum actually being made available. Please confirm these changes and if that is not the case, please inform why bidders are being forced to pay much in advance of the time when spectrum will actually be made available.</u></p>	
209.	<p><u>Page 30 – Para 3</u>  <i>For the sake of clarity, please confirm that 5 different EMD letters can be from different banks.</i></p>	Confirmed.
210.	<p><u>Page 33 – 4.5 (vii) Payment Terms</u>                      The applicable rate should be “base rate” and not the “prime lending rate.” This change needs to be made at all places where the concept of SBI PLR has been used, which has now become redundant after the introduction of the concept of “Base Rate”.</p> <p>However, we may clarify in line with the previous comments that wherever indexation of auction price is being proposed, we have given separate comments and for that purpose neither the “PLR”, nor the “Base Rate” should be used. This has been covered in detail in the relevant query.</p>	No change in the NIA condition.
211.	<p><u>Page 52 – Ranking of Bidders</u>                      The ranking rules have a certain anomaly, which needs to be changed for a fair treatment. The “second” and “fourth” bullet provides as under –</p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> - “Where there is a tie according to the first criteria, ranking will be in descending order of the count of the number of times the bid has been submitted for a Unique Clock Round Price (excluding the Current Clock Round for which the rank is being generated) for the particular Service Area in the particular band;”</li> <li>• 4<sup>th</sup> - Where is a tie according to the first three criteria, ranking will be in descending order according to the number of Blocks for which bid has been submitted by the bidder for a particular Service Area in the particular band at the Current Clock Round Price;”</li> </ul>	No change in the NIA condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>While the 4<sup>th</sup> bullet rightly recognizes the importance of the number of Blocks bid by a bidder in a specific round, the 2<sup>nd</sup> bullet fails to take cognizance of that important factor. Hence, it is suggested that the 2<sup>nd</sup> bullet be revised as under to take into account both the “count” and “number of Blocks”, which would be much more equitable –</p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> - “Where there is a tie according to the first criteria, ranking will be in descending order of the <u>cumulative number of Blocks</u> for which bids have been submitted for a Unique Clock Round Price (excluding the Current Clock Round for which the rank is being generated) for the particular Service Area in the particular band. <u>In case there are multiple bids by a bidder at the same Clock Round Price in different rounds, the number of blocks bid in the latest round at that price would be considered to arrive at the cumulative number of Blocks.</u>”</li> </ul> <p>This is also essential from the perspective that the bidders who are bidding for higher quantum of spectrum in 1800 MHz are ranked higher than those bidding for smaller quantum of less than 5 MHz (for whom contiguity is not critical), so that they have a better visibility on their chances (based on their ranking) of their ability to get contiguous spectrum. In any case the <u>bidders who are bidding for lesser quantum will not be adversely impacted as ranking is not critical for such operators in those circles where they are bidding for less than 5 MHz.</u></p>	
212.	<p><u>Page 54 – first three bullets with **</u></p> <p>** In any case, a bidder would be declared as a Provisional Winning Bidder only if he is allocated the minimum number of blocks required for each category of bidders for each of the Service Areas in each of the bands.</p> <p>** In the 1800MHz band, the minimum number of Provisional Winning Blocks required for a bidder categorized as an “Existing Licensee” to be declared as a Provisional Winning bidder would be 3 blocks of 200 KHz (Paired) each, irrespective of whether the bidder has submitted a bid for more than 3 blocks.</p> <p>** In the 1800MHz band, the minimum number of Provisional Winning Blocks required for a bidder categorized as a “New Entrant” to be declared as a Provisional Winning bidder would be 25 blocks of 200 KHz (Paired) each, irrespective of whether the bidder has submitted a bid for more than 25 blocks.</p> <p>The conclusion from the aforesaid is that a bidder who has bid for more than 5 MHz spectrum can be allocated less than 5 MHz spectrum in 1800 MHz band. Given</p>	No change in the NIA condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>technological considerations to a bidder the value of less than 5 MHz spectrum is zero. In fact the bidder may be left in a situation where it wants 5 MHz and 4 MHz is of no use. Hence, it is suggested that-</p> <ul style="list-style-type: none"> <li>• Any bidder who bids for 5 MHz or more spectrum in 1800 MHz band should be allocated either <u>at least 5 MHz or no allocation is made to such a bidder</u>. If this is not done, then bidders who want 5 MHz of spectrum and who have the possibility of getting it <u>will refrain from bidding</u> because of the high risk of getting stuck with a partial allocation. Please confirm that no partial allocation of less than 5 MHz will be made to a bidder who has bid for 5MHz or more, which can be achieved by not declaring them as provisional winners if 5 MHz is not available.</li> <li>• This can be achieved by providing a selection option “minimum 5 MHz or no allocation” while placing the bid for bidders bidding for more than 5 MHz.</li> </ul> <p><i>For the sake of clarity we would like to reemphasize that this is being suggested only for bidders bidding for 5 MHz or more and anyone bidding less than 5 MHz can be given partial allocation.</i></p>	
213.	<p>In any service area where say, there is 13 MHz of 1800 MHz spectrum. One block of 5 MHz is available contiguous across the Service Area, another block of 5MHz is available only partially over the Service Area and the remaining spectrum is 3 MHz. Please clarify:</p> <ul style="list-style-type: none"> <li>▪ If a bidder is only interested in 5 MHz of 1800 MHz and not less than that, how will DoT ensure either the bidder wins through auction price or is never allocated 3 MHz that is not required by the bidder which is of no value to the bidder/buyer?</li> <li>▪ <i>If allocated a contiguous block is the <u>partially available</u> block in the Service Area, by when will the DoT be able to issue remaining spectrum for balance service area, not available presently?</i></li> </ul> <p><i>In case the spectrum allocation cannot be assured for the entire circle over a reasonable and definite time period, then will the bidder be allowed to withdraw his bid which was actually for 5MHz contiguous spectrum across the circle ?</i></p>	No Change in NIA Condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response																																																																								
214.	<p><b>Page 61 – 5.5, Frequency Identification Stage</b>  <i>In few service areas, there are contiguous blocks of 5 MHz spectrum in 1800 frequency band, few of which are available for the entire service areas and few are available only for part of the service areas. In the Frequency Identification Stage as enumerated in clause 5.5, there is no mention of the criteria to be used to allocate the same to various winners of 5 MHz or more in that service areas. Please explain on what basis the same would be allocated.</i></p> <p><i>The same should also be explained for allocation of non contiguous spectrum to winners of less than 5 MHz spectrum.</i></p> <p><i>Also, please explain while allocating any frequency to any operator, whether there would be any consideration given to the existing frequency holding of that operator to make the allocation of new spectrum to be contiguous with the existing holding. In such a case, the frequency identification cannot be fully automatic for allocation of non-contiguous spectrum.</i></p>	<p>Allocation of Spectrum will be conducted separately for Contiguous set(s) of 5 MHz and for Non-contiguous blocks of spectrum. The bidders who have won a minimum of 5 MHz spectrum at the end of the clock stage will be considered for the allocation of Contiguous Set(s) of 5 MHz spectrum in the order of their ranking. In the event, wherein those service areas, where contiguous spectrum of 5 MHz is available in full and partial, in which case, the bidders ranked higher will be considered for the full Contiguous spectrum followed by lower ranked bidders who will be considered for the partial contiguous spectrum.</p> <p>No change in the NIA condition.</p>																																																																								
215.	<p><b>Page 67 – Table 5-F</b>                      The price increase per excess demand of block has been specified as same in case of 1800 MHz and 900 MHz, which is incorrect, as the blocks are of different sizes (0.2 MHz for 1800 MHz and 1 MHz for 900 MHz). Hence, while the table is fine for 900 MHz, but it needs to be revised as under for 1800 MHz given the small size of blocks –</p> <table border="1" data-bbox="310 982 1087 1421"> <thead> <tr> <th colspan="3">Excess Demand 1800 MHz</th> <th colspan="3">Excess Demand 1800 MHz</th> </tr> <tr> <th>Blocks</th> <th>MHz</th> <th>Price Inc %</th> <th>Blocks</th> <th>MHz</th> <th>Price Inc %</th> </tr> </thead> <tbody> <tr><td>1</td><td>0.20</td><td>0.2 %</td><td>26</td><td>5.20</td><td>5.2 %</td></tr> <tr><td>2</td><td>0.40</td><td>0.4 %</td><td>27</td><td>5.40</td><td>5.4 %</td></tr> <tr><td>3</td><td>0.60</td><td>0.6 %</td><td>28</td><td>5.60</td><td>5.6 %</td></tr> <tr><td>4</td><td>0.80</td><td>0.8 %</td><td>29</td><td>5.80</td><td>5.8 %</td></tr> <tr><td>5</td><td>1.00</td><td>1.0 %</td><td>30</td><td>6.00</td><td>6.0 %</td></tr> <tr><td>6</td><td>1.20</td><td>1.2 %</td><td>31</td><td>6.20</td><td>6.2 %</td></tr> <tr><td>7</td><td>1.40</td><td>1.4 %</td><td>32</td><td>6.40</td><td>6.4 %</td></tr> <tr><td>8</td><td>1.60</td><td>1.6 %</td><td>33</td><td>6.60</td><td>6.6 %</td></tr> <tr><td>9</td><td>1.80</td><td>1.8 %</td><td>34</td><td>6.80</td><td>6.8 %</td></tr> <tr><td>10</td><td>2.00</td><td>2.0 %</td><td>35</td><td>7.00</td><td>7.0 %</td></tr> </tbody> </table>	Excess Demand 1800 MHz			Excess Demand 1800 MHz			Blocks	MHz	Price Inc %	Blocks	MHz	Price Inc %	1	0.20	0.2 %	26	5.20	5.2 %	2	0.40	0.4 %	27	5.40	5.4 %	3	0.60	0.6 %	28	5.60	5.6 %	4	0.80	0.8 %	29	5.80	5.8 %	5	1.00	1.0 %	30	6.00	6.0 %	6	1.20	1.2 %	31	6.20	6.2 %	7	1.40	1.4 %	32	6.40	6.4 %	8	1.60	1.6 %	33	6.60	6.6 %	9	1.80	1.8 %	34	6.80	6.8 %	10	2.00	2.0 %	35	7.00	7.0 %	<p>Please refer Amendment No.2 to NIA.</p>
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## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

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216.	<p><b>Page 71 - 6</b>  <i>Correct year in Line 2 should be 2014 (instead of 2013).</i></p>	Please refer Amendment No.2 to NIA.																																																																																										
217.	<p><i>As agreed during the Pre bid Conference, it is requested that the current holding of spectrum of various Operators spot wise in all Service Areas be published as part of the NIA. Also the reasons for not putting for auction the vacant spots may also be indicated.</i></p>	Not relevant to this auction.																																																																																										
218.	<p><i>Please confirm whether spectrum put to auction for all service areas, is in compliance with Supreme Court directive to put the entire cancelled spectrum to auction.</i></p>	The quantum of spectrum has been decided by the Government taking into account the Supreme Court Directive with regard to putting entire cancelled spectrum to auction.																																																																																										
219.	<p><u>Auction being conducted without Policy clarity</u>            The government is currently in the process of finalizing policies on the following subjects –</p> <ul style="list-style-type: none"> <li>○ Spectrum Usage Charges (SUC) as per TRAI recommendations</li> <li>○ Mergers and Acquisitions Policy</li> <li>○ Spectrum Trading Policy</li> </ul>	Auction is not being rushed. The policy formulation is a continuous process.																																																																																										

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<ul style="list-style-type: none"> <li>○ Spectrum Sharing Policy</li> <li>○ Roadmap for further Spectrum Auctions as also suggested by TRAI</li> </ul> <p>There are other points also, but the above points have a significant bearing on the value of the spectrum which is being auctioned. Hence, the auction should be conducted after these matters have been decided and the final schedule of auctions should be fixed after these decisions are taken.</p> <p><i>Please clarify the rationale for rushing the auction without clarity on the above major policy matters.</i></p>	
220.	<p><u>Refarming and Continuity of GSM Services</u></p> <p>In general we believe the litigation on the subject of 900 MHz should be concluded before the auctions for 900 MHz are held. However, assuming that auctions for 900 MHz for metros are proposed to be conducted now, we have the following submissions –</p> <ul style="list-style-type: none"> <li>• By definition at the time of License renewal it is responsibility of Government of India to ensure Continuity of Services for existing customers. Or else there would be mayem in the market. The government has also responsibility towards the Investors, Financiers, Bankers, Equipment Suppliers, Partners and Employees etc. of these Operators to ensure these Operators continue to remain in business and Licenses and Services are renewed.</li> <li>• In case of the 3 Metro circles the auctions for 900 MHz and 1800 MHz are proposed to be conducted simultaneously and hence licensees who cannot win back their existing 900 MHz spectrum have the opportunity to bid for 1800 MHz spectrum.</li> <li>• We hope that the DoT has ensured that in the remaining 19 circles enough 1800 MHz spectrum has been kept for future allocation, so that in case an existing holder of 900 MHz is not able to win 900 MHz spectrum in any of those 19 circles, DoT can allocate at least 5 MHz of 1800 MHz spectrum to him for continuity of GSM operations. Please confirm.</li> <li>• Are there any circles where adequate 1800 MHz spectrum is not available in one or more of these 19 circles, for the purpose of allocation to a 900 MHz operator to ensure continuity of services in case of the operators</li> </ul>	<p>In an auction process, each bidder is free to take its own business decision. No reservation is felt necessary as being suggested.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>failure to win 900 MHz spectrum in the auctions as and when these happen. Please confirm that in case of such circles where adequate 1800 MHz spectrum is not available as mentioned, no refarming of 900 MHz will be done and the existing holders of 900 MHz will be able to renew the spectrum by paying a suitably determined market price for such spectrum.</p> <ul style="list-style-type: none"> <li>• In case an Operator bidding for 900 and 1800 Mhz in the present auction, is not able to win back either 900 and 1800 Mhz for whatever reasons, due to unique legacy of the Operator for market development for last 20 years and commitment of Government to customer and society, this Operator should offered 1800 Mhz as defined under Refarmed definition provided the Operator is prepared to pay the Market discovered price for 1800 Mhz. Request the Government to confirm, they have kept sufficient spectrum in reserve to meet such an eventuality. <p>If no, Government should confirm how they intend to ensure 'Continuity of Service' for existing customers and continuity of cash flow for Investors and Bankers who have participated in Operators business with the principle of 'Going Concern'</p> <ul style="list-style-type: none"> <li>• In March 2013, Auction the government had reserved 2.5 Mhz 900 Mhz spectrum for License Renewal so that minimum this spectrum and remaining in 1800 Mhz to ensure Continuity of Services. The Government may confirm such a reservation has been kept this time again, so that there is no disruption of existing GSM Services.</li> </ul> </li></ul>	
221.	<p><u>Legal Position wrt NIA, Queries and Responses</u></p> <ul style="list-style-type: none"> <li>• <i>Please clarify the process followed in responding to the Queries</i> <ul style="list-style-type: none"> <li>○ <i>the level at which the Response to Queries are cleared;</i></li> <li>○ <i>please provide the name of the competent Authority which approves the Responses to Queries raised by the bidders.</i></li> </ul> </li> <li>• <i>Please confirm that the Responses to Queries are based on the licensing and policy regime. If not, then the basis on which the responses are based;</i></li> <li>• <i>Please confirm that the representations made in the NIA and the Responses to Queries are legally binding on the DoT;</i></li> </ul>	<p>The NIA queries and responses are the part of the NIA document. The responses to the queries are given by the Department for and on behalf of the President of India.</p>



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<i>Please confirm whether the NIA Query and Responses will be treated as part of the Unified Licence.</i>	
222.	<i>Page 53 of NIA talks about 1 block of 900 MHz. Does it mean that an existing licensee can apply for 1 block of 900 MHz?</i>	No change in NIA condition.
223.	<i>In the NIA of 30th Jan 13, DoT had allowed existing licensee to bid for 1 block of 900 MHz but in the current NIA this has been changed and existing operator has to bid for minimum of 5 blocks. This is depriving existing licensee's from acquiring a quantum of lower than 5 MHz in 900 MHz band. Whether existing operators will be allowed to bid for minimum of 1 block of 900 MHz?</i>	No change in NIA condition. Minimum bid in 900 MHz band for both New and Existing category of bidders is 5 blocks of 1 MHz each.
224.	<i>DoT has defined the process for liberalisation of <b>existing 1800 MHz spectrum</b> held by the licensee in case the licensee wants to liberalise its current holding. DoT needs to define the process for both 900 MHz and 800 MHz in case an existing licensee wants to liberalise their current holding. What would be process of liberalizing 900 MHz and 800 MHz spectrum for existing licencees?</i>	At this stage liberalization of spectrum is applicable to spectrum holding in 1800 MHz band only. Services to be provided will be governed by the terms and conditions of the licence under which the spectrum has been allotted.
225.	<i>Since Spectrum trading is going to be allowed, then why lock-in period of 3 years should exist?</i>	Lock in conditions are as per the Policy.
226.	<i>In respect to rollout testing, Maps of BHQ are not available and no local authority is willing to certify the digital maps. DoT needs to accept self-certified maps.</i>	Digital Maps are not required.
227.	<i>Liquidated Damages is being subject to maximum of Rs. 7 cr. for each phase while UASL puts the CAP at Rs. 7 cr. and not phase wise CAP.</i>	No change in NIA condition.
228.	<i>DoT has specified that they will come out with the guidelines on M&amp;A, Spectrum Sharing and Spectrum trading. Request DoT to provide the expected timelines by when the guidelines will be issued?</i>	M & A Guidelines, Spectrum sharing and Spectrum trading guidelines will be issued by the Government from time to time.
229.	<i>In case of calculating spectrum cap in a band, the uplink &amp; downlink spectrum have been added but while calculating the overall cap this is not the case and DoT is considering only one side of the spectrum in case of paired spectrum. DoT may kindly look into this and adopt a uniform approach as was adopted during the last two auctions.</i>	Uniform policy is adopted.
230.	<i>DoT is allocating <b>paired</b> spectrum in 1800 MHz and 900 MHz bands. Whether this liberalized spectrum be allowed to use in TDD or FDD mode depending on the technology being deployed by the operator?</i>	Please refer to section 2.3 of NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
231.	<i>RBI has earlier talked about allowing spectrum to be used as a collateral (security deposit). Request DoT to allow spectrum as collateral. Further DoT may kindly inform by when would the revised TPA draft be available?</i>	Spectrum is not allowed as Collateral as present. TPA revision is under consideration.
232.	<i>In case an existing licensee bid for spectrum in 1800 MHz and then at a subsequent date liberalise his current holding also, then will DoT provide a contiguous spectrum to such a licensee. In the 1800 MHz Band , in the case of existing Operators who currently hold 4.4 MHz of Spectrum and are acquiring 0.6 MHz of additional spectrum in order to have a block of 5 MHz to use their Spectrum as liberalised Spectrum, there should be some priority / assurance of getting Contiguous spectrum , otherwise it makes no sense for the Operator to bid for 600 KHz of Spectrum in the 1800 MHz Band. Request DoT to provide clarity in this regard?</i>	Subject to availability, co-ordination and technical feasibility, harmonisation and reconfiguration of spectrum is a continuous process.
233.	<i>The definition of AGR in the UL License is still not clear and as per Press and Media Reports, TRAI has asked DoT to refer the issue to them. While Bidding , clarity is required on the items on which LF will be payable i.e. definition of AGR.</i>	License fee will be payable as per definition of AGR prescribed in various licenses.
234.	<i>NIA species that the group bidding entity will deposit total EMD (including EMD of its associate company) to determine the eligibility to make bids in the auction. Can a group bidding entity and its associate licensee be allowed to deposit the total EMD in combination? To clarify, if the total EMD is say 100 crores then group bidding entity and its associate licensee be allowed to deposit the 100 crores together i.e. say 60 Crs by Group entity and 40 Crs by associate licensee. This will allow flexibility in case of some banking limits with the group entity.</i>	No change in the NIA condition.
235.	<i>Clause 3.7 of the NIA species the slab wise SUC applicable for 1800 MHz and 900 MHz band. It may be noted that slab wise SUC has a strong technical scientific rationale and the same has been well clarified in the Annexure XVII of the May 2010 recommendations of TRAI. It is estimated that any deviation from slab wise SUC and accepting a flat SUC of 3% auctioned spectrum will lead to a loss of more than Rs.80,000 Crs to the Government over a period of 20 years and gain to the handful of incumbent operators. The slab wise SUC has already been accepted by the Cabinet and the same has been in to practice from two auctions. We therefore presume that DoT will continue with the prevailing slab wise SUC. Kindly confirm.</i>	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.
236.	<i>As per Annexure 2B and 2A, DoT has put up our existing spectrum allocation in 900MHz and 1800MHz for Delhi Service Area. On the contrary, in Kolkata circle, DoT has included only our 900MHz spectrum for auction and not 1800MHz.</i>  <i>DoT to clarify the rules of extending our 1800MHz in Kolkata service area?</i>	No further clarification is required.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
237.	<p>As per clause 2.1 of the NIA, the minimum spectrum which can be bid for:</p> <ul style="list-style-type: none"> <li>• 900 MHz: A New Entrant/ Existing Licensee is required to bid for minimum 5 MHz</li> <li>• 1800 MHz: A new entrant is required to bid for minimum 5 MHz whereas an existing licensee is required to bid for minimum 0.6 MHz.</li> </ul> <p>The operators whose licenses are due for extension in 2014 are being treated as new entrants and will also be required to bid for continuation of the existing spectrum.</p> <p>It seems that the minimum quantum of spectrum for 1800 MHz band has been done in isolation of 900 MHz band which will force the operators to buy min 5 MHz of spectrum in both the bands in same service area.</p> <p>With this, the operators will not be able to continue their existing network with the same mix of spectrum. For example, if an operator has 6 MHz of spectrum in 900 MHz band and 2 MHz of spectrum in 1800 MHz band, the operator will be required to bid for minimum 5 MHz of spectrum in 1800 MHz also in addition to minimum 5 MHz of spectrum in 900 MHz band.</p> <p>This is neither as per TRAI's recommendations nor does it allow the operator to continue with its present spectrum holding mix. Therefore, we would suggest that if an operator is successful in buying minimum 5 MHz of spectrum in 900 MHz band, than it should be allowed to bid for 1800 MHz band spectrum like an existing operator (i.e. minimum 3 blocks of 200 KHz)</p>	No change in the NIA Condition.
238.	<p><b>Table 5-F Page 67-68 (Proportionate Price Increment rule for e-auction of Spectrum in 1800 MHz and 900 MHz band)</b></p> <p>The price increment being applied in the upcoming round is basis the excess demand in terms of blocks. In this regard, it is highlighted that the block size for 1800 MHz band is 200 KHz and for 900 MHz band is 1 MHz.</p> <p>Due to difference in block size, the percentage increase in price in case of 1800 MHz band would be five times the increase in price of 900 MHz band for similar excess demand in terms of quantum of spectrum.</p> <p>To remove this anomaly, it is suggested that in case of 1800 MHz band the price be increased by 0.2% for every block of excess demand. The maximum increase should continue to be limited to 10% in case of excess demand of 50 (10 MHz) or</p>	Please Refer Amendment No. 2 to NIA.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>more blocks of 200 KHz to maintain parity in price increment for 900MHz and 1800MHz</p>	
239.	<p><b>Clause 2.1 Page 12 (Spectrum to be auctioned)</b>            The NIA issued by DoT have included 900 MHz spectrum of those licensees whose licenses are expiring in Nov, 2014. This completely ignores the fact that the licenses of the existing operators have to be extended as per Clause 4 in the license agreement.</p> <p>The operators, whose licenses are due for extension, have applied for extension and the Government has conveyed the decision not to extend the licenses further. The decision of the Government has been challenged by the impacted operators and is currently sub-judice.</p> <p>Since, the extension of license includes extension of presently assigned spectrum including the spectrum in 900 MHz band for further period of 10 years. The inclusion of 900 MHz spectrum in this auction even before the matter is finally disposed of by the Court may result in an irreversible situation. Hence spectrum presently assigned should not be included in this auction or should be subject to the court order.</p> <p><i>DoT may clarify:</i></p> <ul style="list-style-type: none"> <li>• <i>How it will protect the contractual rights of the existing licensees for extension along with the presently assigned spectrum?</i></li> <li>• <i>How DoT will ensure that no third party rights are created during the pendency of these litigations?</i></li> </ul>	<p>Matter is sub-judice.</p>
240.	<p>Detailed policy guidelines in respect of Spectrum Sharing, Spectrum Trading and M&amp;A are very important in determining the valuation of spectrum proposed to be auctioned.</p> <p>TRAI also expressed the same view in respect of Spectrum Sharing &amp; Spectrum Trading in its recommendations dated 9-9-2013.</p> <p>“The Authority recommends that before the proposed auction, the Government should take the decision on the recommendations pertaining to spectrum trading and incorporate the same in the NIA for the proposed auction. This will help participants in the auction to take an informed decision.”</p>	<p>Policy formulation is a continuous process and is as approved from time to time.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>“The Authority recommends that the Government should announce the detailed guidelines on the subject of sharing of spectrum before the initiation of the auction process.”</p> <p><i>DoT is requested to announce the policy decisions in respect of Spectrum Sharing, Spectrum Trading and M&amp;As before the start of Auctions so that the operators are able to take an informed decision?</i></p>	
241.	<p>TRAI in its recommendations dated 9<sup>th</sup> Sep, 2013 has recommended the following in respect of frequency rearrangement/ harmonization.</p> <p>2.63 The Authority is of the opinion that since the sole motive for permitting such an arrangement is to facilitate that spectrum holding of TSPs becomes contiguous, the frequency rearrangement in the same band, from within the assignments made to the licensees, should be permitted, amongst all licensees irrespective of whether the spectrum is liberalised or not.</p> <p>2.64 Accordingly, the Authority recommends that <u>the frequency rearrangement in the same band, from within the assignments made to the licensees, should be permitted, amongst all licensees irrespective of whether the spectrum is liberalised or not</u>”</p> <p>As per the spectrum availability conveyed vide Annexure – 2B, not all spectrum available is contiguous.</p> <p><i>DOT is requested to:</i></p> <ul style="list-style-type: none"> <li>- <i>Take necessary steps to make available contiguous spectrum being allocated by this auction or;</i></li> </ul> <p><i>Alternatively the bidders being allocated non-contiguous spectrum be allowed to do frequency rearrangement or spectrum swapping in the same band, from within the assignments made to the any of the licensee.</i></p>	<p>Subject to availability, co-ordination and technical feasibility, harmonization and reconfiguration is a continuous process.</p>
242.	<p><b>Clause 1.3 Page 7 (The Auction)</b></p> <p>As per Clause 1.3 of the NIA in respect of frequency reconfiguration:  “Frequency reconfiguration i.e. rearrangement of spot frequencies in the same band, from within the assignments made to the licensees, may be carried out, with the</p>	<p>Confirmed. Spectrum acquired through auction can be mutually swapped with the authorization of the WPC wing without any additional charge.</p>

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p>authorization of WPC Wing, among the licensees, only when the entire spectrum held by them is liberalized, No charges will be levied for rearrangement of frequency spots.”</p> <p><i>Please clarify that the operators would be allowed to mutually swap frequencies which are allocated through auction without any additional charges for administratively assigned spectrum?</i></p>	

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response																		
243.	<p><b>Table 5-G Page 69-71 (Service Areas, Reserve Price, Deposits required and Eligibility Points for e-auction of spectrum in 1800 MHz and 900 MHz band)</b></p> <p>Consider the following:</p> <p>(a) Delhi &amp; Mumbai Service area:</p> <table border="1" data-bbox="310 412 1131 548"> <thead> <tr> <th></th> <th>Eligibility Points associated with 1 MHz</th> <th>EMD for 1 MHz (Rs. Crs)</th> </tr> </thead> <tbody> <tr> <td>900 MHz</td> <td>300</td> <td>34.50</td> </tr> <tr> <td>1800 MHz</td> <td>275</td> <td>36.25</td> </tr> </tbody> </table> <p>(b) Kolkata Service area:</p> <table border="1" data-bbox="310 646 1131 782"> <thead> <tr> <th></th> <th>Eligibility Points associated with 1 MHz</th> <th>EMD for 1 MHz (Rs. Crs)</th> </tr> </thead> <tbody> <tr> <td>900 MHz</td> <td>150</td> <td>18.75</td> </tr> <tr> <td>1800 MHz</td> <td>110</td> <td>18.00</td> </tr> </tbody> </table> <p>Since the TSP may choose to deploy the network in either 900 MHz or 1800 MHz band. Therefore, it is required to have flexibility to choose any of the spectrum band during auction.</p> <p>However the corresponding EMD and eligibility points for equivalent quantum of spectrum in 1800 MHz and 900 MHz for a particular service area such as Delhi, Mumbai and Kolkata, wherein both 1800 MHz and 900 MHz band are being auctioned, are different.</p> <p>This will not allow the operators to freely choose between 1800 MHz and 900 MHz band in a particular service area and will also complicate the auction process.</p> <p><i>Therefore, we suggest that:</i></p> <ul style="list-style-type: none"> <li>▪ <i>The EMD and eligibility points for 1800 MHz and 900 MHz band per MHz should be same.</i></li> <li>▪ <i>For equal amount of EMD, the Eligibility Points should be same irrespective of spectrum band and the service areas.</i></li> </ul>		Eligibility Points associated with 1 MHz	EMD for 1 MHz (Rs. Crs)	900 MHz	300	34.50	1800 MHz	275	36.25		Eligibility Points associated with 1 MHz	EMD for 1 MHz (Rs. Crs)	900 MHz	150	18.75	1800 MHz	110	18.00	No change in NIA condition.
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## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
244.	<p><b>Clause 4.5 Page 31-34 (Payment Terms)</b></p> <p>The licenses of some operators are due for extension in Nov, 2014. The effective date of spectrum allocation is also proposed to be from Nov, 2014</p> <p>However as per the NIA, the winning bidder they are required to pay for the spectrum acquired through the said auction upfront or through a deferred payment mechanism with an applicable rate of interest.</p> <p>Considering the fact that the license of the existing players is valid uptill Nov'14, the successful bidders, who would get spectrum after November 2014 should be provided with an option of making the payment at the time of acquiring spectrum or their payout should be reduced to the extent of interest which DoT is charging from operators</p>	No change in NIA condition.
245.	<p><b>Clause 5.3.1 Page 42-43 (Overall Cap)</b></p> <p>Consider a telecom company "A" which holds 100% stake in another company "B" having spectrum under ISP License to offer BWA services.</p> <p><i>Will the BWA spectrum held by the company "B", in which the telecom company "A" holds 100% equity stake be included while calculating the spectrum capping for the telecom company "A" in that particular Circle.</i></p>	NIA condition in this respect is self-explanatory.
246.	<p>During the 3G auction, 3G spectrum was allocated to Airtel in Jammu &amp; Kashmir. The full upfront payment for the same was made to DoT within the specified timelines. However, the 3G spectrum allocated to Airtel was prone to interference issues and till today after a lapse of more than 3 years, neither the interference issues have been resolved nor any alternative 3G spectrum has been provided.</p> <p><i>DoT is therefore requested to:</i></p> <ul style="list-style-type: none"> <li>- <i>Give an assurance that the spectrum allocated to the bidders/ licensee is interference free.</i></li> <li>- <i>In case of issues of interference in the allocated spectrum, the same should be resolved within stipulated time period or fresh spectrum be allocated which is interference free or the amount paid towards the</i></li> </ul>	Addressing the issues of interference in the allocated spectrum with mutual consultation is a continuous process. No refund on this account is envisaged.



## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response																																			
	<p><i>spectrum be refunded along with applicable interest.</i></p> <p><i>The rollout obligations to that extent should be relaxed.</i></p>																																				
247.	<p>Clause 3.7 Page No. 22-23 (Spectrum usage charges): TRAI vide its recommendations dated 9<sup>th</sup> Sep, 2013 has recommended the following in respect of Spectrum Usage Charges:</p> <p>“The Authority recommends that all spectrum allocated through auction should henceforth be charged at a flat rate. The Authority also recommends that spectrum acquired on through auction or trading or on which TSP has paid the prescribed market value to the Government should not be added to any existing spectrum holdings for determining the applicable slab rate. This will also apply to spectrum allocated in the auctions held in November 2012 and March 2013.”</p> <p>TRAI in its reply to DoT dated 23<sup>rd</sup> Oct, 2013 has also observed the following:</p> <p>“In Paras 5.4 to 5.13 and 5.15, the Authority had pointed out the various deficiencies and anomalies spawned by the existing SUC regime. The table below indicating the quantum of average spectrum holding per LSA of each TSP and the quarterly SUC paid for the first quarter of 2013-14, illustrates the disproportionate impact of the existing regime on different TSPs and brings out many, but not all, of the anomalies brought out in the Authority’s recommendations. “</p> <p>“Spectrum usage charges and spectrum allocation for the quarter ending June, 2013</p> <p style="text-align: right;">(Rs. In Crores)</p> <table border="1" data-bbox="310 1094 1073 1427"> <thead> <tr> <th>Name of TSP</th> <th>Overall spectrum* allocation (MHz)</th> <th>Average spectrum per LSA (MHz)</th> <th>SUC**</th> <th>SUC per MHz</th> </tr> </thead> <tbody> <tr> <td>BSNL</td> <td>340.10</td> <td>17.01</td> <td>112.46</td> <td>0.33</td> </tr> <tr> <td>Reliance</td> <td>270.50</td> <td>12.30</td> <td>75.50</td> <td>0.28</td> </tr> <tr> <td>Bharti</td> <td>232.65</td> <td>10.58</td> <td>494.66</td> <td>2.12</td> </tr> <tr> <td>Vodafone</td> <td>217.15</td> <td>9.87</td> <td>334.42</td> <td>1.54</td> </tr> <tr> <td>Tata</td> <td>195.45</td> <td>10.29</td> <td>95.05</td> <td>0.49</td> </tr> <tr> <td>Idea</td> <td>194.30</td> <td>8.83</td> <td>249.29</td> <td>1.28</td> </tr> </tbody> </table>	Name of TSP	Overall spectrum* allocation (MHz)	Average spectrum per LSA (MHz)	SUC**	SUC per MHz	BSNL	340.10	17.01	112.46	0.33	Reliance	270.50	12.30	75.50	0.28	Bharti	232.65	10.58	494.66	2.12	Vodafone	217.15	9.87	334.42	1.54	Tata	195.45	10.29	95.05	0.49	Idea	194.30	8.83	249.29	1.28	<p>Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.</p>
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## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query					Response
	Aircel	169.00	7.68	67.76	0.40	
	MTNL	41.05	20.53	14.60	0.36	
	Systema	39.40	4.38	6.99	0.18	
	Unitech	30.00	5.00	15.32	0.51	
	Videocon	30.00	5.00	1.99	0.07	
	Loop	10.00	10.00	7.47	0.75	
	Quadrant	6.90	6.90	1.01	0.15	
	Total	1776.50		1476.52	0.83	
	<p>*800/900/1800/2100 band</p> <p>** based on quarterly return submitted by TSPs on GR/AGR”</p> <p>“The Authority has brought out the inherent defects of the escalating slab rate on spectrum usage in para 5.15 and 5.28 of the recommendations.”</p> <p>“This will lead to opportunities for arbitrage and will create a non- level playing field between the TSPs who hold BWA spectrum and those that do not own such spectrum. “</p> <p>Hence the Authority in its re-recommendations suggested the following methodology for SUC:</p> <p>“The DoT has opined that the recommendations at para 7.17 and 7.18 are not implementable on the ground that the revenue from administratively assigned spectrum and auctioned spectrum cannot be segregated. However, the point to note is that the recommendations do not require any such segregation of revenues. While recommending that all spectrum allocated through auction should henceforth be charged at a flat rate, the Authority has also pointed out in para 5.29 of the recommendations that there are 3 kinds of 2G spectrum holders: viz. licensees owning only auctioned spectrum, licensees owning a mix of administratively assigned spectrum and auctioned spectrum, and licensees owning only administratively assigned spectrum. The move to a flat ad valorem charge has to take into account the graduated transition of these three categories to a regime in which all spectrum is assigned through auction. This clearly implies that TSPs holding only administratively assigned spectrum and TSPs holding a mix of spectrum acquired through auction and administrative assignment, would continue to pay the SUC at slab rates. The following</p>					

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response																			
	<p>table clarifies the Authority’s viewpoint on how SUC rates would apply for 2G spectrum in different scenarios:</p> <table border="1" data-bbox="310 381 1171 776"> <thead> <tr> <th>TSP</th> <th>Spectrum Holding</th> <th>Nature of spectrum assignment</th> <th>Applicable SUC as per existing Slabs</th> <th>Applicable SUC as per TRAI’s Recommendations (September 2013)</th> </tr> </thead> <tbody> <tr> <td>X</td> <td>7.5 MHz</td> <td>Administrative (7.5 MHz)</td> <td>5 %</td> <td rowspan="2">5% till the time he pays the prescribed market value for administratively assigned spectrum and thereafter @ 3%</td> </tr> <tr> <td>Y</td> <td>7.5 MHz</td> <td>Administrative (6.5 MHz) and auction* (1.25 MHz)</td> <td>5 %</td> </tr> <tr> <td>Z</td> <td>7.5 MHz</td> <td>Auction* (7.5 MHz)</td> <td>5%</td> <td>3%</td> </tr> </tbody> </table> <p>* represents spectrum acquired through auction, spectrum trading or on which TSP has paid prescribed market value.”</p> <p>It is also learnt from media reports Union Cabinet has also directed DoT to finalise the ‘revised’ Spectrum Usage Charge before start of auction.</p> <p>However, DoT vide the NIA has conveyed that the present escalating Spectrum Usage Charges will continue and the Spectrum allocated via auction will be added to the administratively allocated spectrum for determining the Slab. Thereby, not considering the directions of the Union Cabinet.</p> <p><i>DoT is requested to correct this anomaly and mandate spectrum usage charges as recommended by TRAI</i></p>	TSP	Spectrum Holding	Nature of spectrum assignment	Applicable SUC as per existing Slabs	Applicable SUC as per TRAI’s Recommendations (September 2013)	X	7.5 MHz	Administrative (7.5 MHz)	5 %	5% till the time he pays the prescribed market value for administratively assigned spectrum and thereafter @ 3%	Y	7.5 MHz	Administrative (6.5 MHz) and auction* (1.25 MHz)	5 %	Z	7.5 MHz	Auction* (7.5 MHz)	5%	3%	
TSP	Spectrum Holding	Nature of spectrum assignment	Applicable SUC as per existing Slabs	Applicable SUC as per TRAI’s Recommendations (September 2013)																	
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248.	<p>Clause 3.7 Page No. 22-23 (Spectrum usage charges): DoT vide its order No. P-11014/18/2008-PP dated 25<sup>th</sup> Feb, 2010 increased the escalating Spectrum Usage Charges slabs by 1%. The said order was challenged by some TSPs and the matter is currently sub-judice and shall be subject to final outcome of Court cases. Since the slabs of Spectrum Usage Charges given in Schedule – A under Clause 3.7 have been derived from the same DoT order dated</p>	No clarification is required.																			

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response												
	<p>25<sup>th</sup> Feb, 2010 which is already under challenge.</p> <p>We would like to state that any participation to the auction during the pendency of the proceedings should in no event be construed as having given up the issue.</p> <p><i>DoT is requested to clarify in NIA that since the matter is sub-judice therefore Spectrum Usage Charges shall be subjected to the final outcome of the Court cases?</i></p>													
249.	<p><b>Clause 3.7 Page No. 22-23 (Spectrum Usage Charges)</b></p> <p>In the new regime where spectrum is being sold against the upfront charges determined through the auction, a higher and escalating spectrum usage charge leads to a wide variation in the total cost of spectrum, paid over the period of the license by existing TSPs in comparison to new TSPs.</p> <p>For example, while two operators would pay the same upfront charges for spectrum procured through auction, a new entrant will pay the spectrum usage charge at the lowest slab i.e. 3% of AGR and an existing TSP would pay at a higher slab on the basis of its total spectrum holding in 2G band.</p> <p>The discrimination on account of escalating spectrum usage charge is further perpetuated by adding the quantum of spectrum procured through auction in the administrative spectrum holding which is used to determine the slab of spectrum usage charge.</p> <p>The table below compares the difference in total cost of ownership of spectrum between new and existing TSP on account of spectrum usage charge:</p> <table border="1" data-bbox="310 1094 1167 1421"> <thead> <tr> <th>S. No</th> <th>Charges</th> <th>New TSP</th> <th>Existing TSP</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Upfront charges determined through auction</td> <td>Same</td> <td>Same</td> </tr> <tr> <td>B</td> <td>Additional Spectrum Usage Charges on “existing revenues” from the existing spectrum</td> <td><b>Nil</b> as the new TSP has no existing AGR</td> <td>1% of existing AGR in case the operator is allocated between 0.2 MHz to 2 MHz 2% of existing AGR in case the operator is</td> </tr> </tbody> </table>	S. No	Charges	New TSP	Existing TSP	A	Upfront charges determined through auction	Same	Same	B	Additional Spectrum Usage Charges on “existing revenues” from the existing spectrum	<b>Nil</b> as the new TSP has no existing AGR	1% of existing AGR in case the operator is allocated between 0.2 MHz to 2 MHz 2% of existing AGR in case the operator is	<p>Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.</p>
S. No	Charges	New TSP	Existing TSP											
A	Upfront charges determined through auction	Same	Same											
B	Additional Spectrum Usage Charges on “existing revenues” from the existing spectrum	<b>Nil</b> as the new TSP has no existing AGR	1% of existing AGR in case the operator is allocated between 0.2 MHz to 2 MHz 2% of existing AGR in case the operator is											

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query				Response
				allocated between 2.2 MHz to 4 MHz and so on.	
	C	Spectrum Usage Charge on “new revenues” from Spectrum allocated via Auction	<b>3-4%</b>	5-8%	
	<p><i>On the lines of 3G Spectrum Auction, we request DoT that Spectrum being assigned via this auction should not be added to the administrative spectrum already being held for determining the slab for Spectrum Usage Charges.</i></p>				
250.	<p>In para 5.5, page 65 of the NIA, DoT has stated the following:  “Non-Contiguous Spectrum:  Allocation of spectrum from the non-contiguous set will be allocated on random basis.  Frequency reconfiguration i.e. rearrangement of spot frequencies in the same band, from within the assignments made to the licensees, 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 rearrangement of frequency spots.”</p> <p>The above condition requires review that at one place, operators getting noncontiguous spectrum are paying the same market determined price, but to get the benefits of contiguous spectrum, they would be required to liberalize their entire spectrum after paying the same market determined price. There might be instances where one operator taking 5MHz is getting contiguous spectrum whereas on the contrary, operator taking 4MHz is getting non-contiguous spectrum. This will put the existing operator getting say 4 MHz of spectrum in a disadvantageous situation &amp; will have huge cost implications, which may also refrain the operators from bidding in such a scenario.</p> <p><i>We suggest that operators getting non-contiguous spectrum should be allowed:  To liberalize their administrative spectrum only to that extent which is essential</i></p>				No change in NIA condition.

## Auction of Spectrum in 1800MHz and 900MHz Bands – Queries & Responses

No.	Query	Response
	<p><i>to make their spectrum contiguous, at least for 5MHz rather than liberalizing the entire spectrum</i></p>	
251.	<p><b>Clause 2.3 Page No. 13 (Technology):</b> Existing Licensees will be allowed to use the additional spectrum block(s) allotted through this auction to deploy any technology other than GSM/WCDMA, by combining with their existing spectrum holding in the same band after converting their entire existing spectrum holding into liberalised spectrum in the same band as per the terms and conditions to be specified.</p> <p>It is assumed that the above para is only applicable when the operator wants to combine the spectrum procured through this auction with administratively assigned held.</p> <p>However, the operator would be free to use the spectrum procured through the auction for any technology if it is not being combined with administratively held spectrum.</p> <p><i>DoT may kindly confirm this understanding?</i></p>	Confirmed.
252.	<p><b>Clause 2.3 Page No. 13 (Technology):</b> Clause 23.1 of the existing UAS License states:</p> <p>“23.1 The Licensee shall provide the details of the technology proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies/Industry. <u>Any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use regardless of its changed versions.</u> A certificate from the manufacturers about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology”</p> <p>Clause 2.1 and 24.1 of the existing CMTS license states:</p> <p>“2.1 The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs</p>	No clarification is required in the context of Amendment No.2 to NIA.

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	<p>utilizing any type of network equipment (however, the technology must be digital), including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology....</p> <p>Clause 24.1 The Bidders shall specify the details of the technology (which shall always be digital), quality of service and other performance parameters of the system proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies and the licensee shall seek the approval of the licensor before deployment of such technologies. Any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use regardless of its changed versions. A certificate from the manufacturers about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.”</p> <p>The above clauses of the UAS/ CMTS license clearly state that the licensee is allowed to deploy any technology be it for the Access Network, Transport Network or the Core Network.</p> <p>Similarly, the clause 2.3 on Technology states: “There are no restrictions on the technology to be adopted for providing services within the scope of the service license using spectrum blocks allotted through this auction.”</p> <p>The above clause 2.3 on technology in the NIA as well as the present license conveys that the technology neutrality enshrined in the license is not only limited to the core network but also includes the radio access network using the spectrum. Thus, the term liberalization of the spectrum used in NIA is already a subset of overall technology neutrality available to the licensee. Hence an operator having a CMTS/UAS license is not required to get its present spectrum liberalized and therefore no question of any payment for the same.</p> <p><i>Therefore, we suggest that DoT should not create this artificial distinction between the overall technology neutrality defined in the UAS/ CMTS License, the</i></p>	

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No.	Query	Response
	<p><i>Clause 2.3 of the NIA and the proposed technology neutrality of access network/spectrum (which is also being termed as liberalization of spectrum).</i></p>	
253.	<p><b>Clause 3.6.1(iv)(f) Page 19 (Roll Out Obligations)</b>            It is assumed that the new roll out obligations (BHQ based) which have already been achieved using the existing spectrum will not require additional roll outs on the new spectrum.</p> <p>DoT should carry out the roll out testing irrespective of the spectrum used to meet the new BHQ based roll out obligations.</p> <p><i>Please clarify?</i></p>	No clarification is required.
254.	<p><b>Clause 3.6.1 (Roll Out Obligations)</b>            In case an existing operator has met and continues to meet the new BHQ based roll out obligations using existing/ new spectrum and wants to use a part of spectrum for a new technology, DoT may clarify that the operator will not be required to meet the separate roll out obligations using the new technology.</p>	No clarification is required.
255.	<p><b>Clause 4.5 Page 31-34 (Payment Terms)</b></p> <p>DoT is requested to indicate explicitly the rate of interest to be applicable for installment calculation under the deferred payment methodology.</p> <p><i>Will this rate of interest change subsequently when any premature payments are subsequently done to arrive at the NPV?</i></p>	Applicable interest rates as indicated in the NIA shall not change when any premature payments are made to arrive at the NPV.



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No.	Query	Response
256.	<p>The last date of submission of application is 04-01-2014, whereas the clarifications to the NIA will be released by DoT on 28-12-2013 thereby leaving only 7 days in between. The clarification/replies to the queries is essential while taking the business decisions on the spectrum band and number of block which has bearing on the requirement of EMD to be submitted to DoT in the form of Bank Guarantee along with the application. With the new year round the corner, the duration of 7 days is too short a time for application submission.</p> <p><i>DoT is requested to extend the timelines for submission of application by atleast 15 days from the date of issuance of all clarifications in order to enable the prospective bidders to take an informed decision.</i></p>	Please refer the amendment No.1 to NIA.
257.	<p><b>Clause 6 Page 71-72 (Application Instructions)</b></p> <p>Clause 7 states that the “Withdrawal of Applications shall be allowed by means of a written request to the “Department of Telecommunications” up to seven calendar days before the scheduled start of the Auctions.”</p> <p><i>DoT is requested to clarify whether the exact date and time till when the application can be withdrawn by the prospective bidder.</i></p>	Please refer the amendment No.1 to NIA.
258.	<p>As per the NIA, operators, whose licences are coming up for extension in 2014, will be treated as „new entrant“. If these operators win back their spectrum, we request for the following confirmation from DoT:</p> <ul style="list-style-type: none"> <li>○ All backhaul spectrum – access and backbone, would remain unchanged.</li> <li>○ All approvals such as SACFA, Deployments &amp; Wireless Operating license would remain unchanged.</li> <li>○ All Interconnect agreements and existing PoIs would remain unchanged</li> <li>○ All our existing mobile number series, Signaling point codes, MNC codes allocations would remain unchanged.</li> <li>○ All other approvals from DOT / MHA /other Central agencies like Lawful Interception, EMF Certifications, etc. would remain valid.</li> </ul> <p>The above is to ensure the continuity of business and customer services.</p> <p><i>DoT is requested to confirm the above.</i></p>	Please refer to amendment No.2 to NIA.
259.	As per the NIA, operators, whose licences are coming up for extension in 2014, will be treated as, new entrant“.	No change in the NIA Condition.

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No.	Query	Response
	<p>Since such operators have built an extensive and robust network during the last 18-19 years, and are providing seamless services to millions of existing customers, it is necessary that if such operators win back their existing spectrum, the frequency spots of that spectrum should remain unchanged so as the continuity of services is not disturbed.</p> <p>If this is not done, then it will cause great customer inconvenience apart from forcing operators to do large scale changes in their network. Further, doing such large scale changes on running network will take at least one year.</p> <p><i>Thus, we request DoT for the following:</i></p> <ol style="list-style-type: none"> <li><i>1. If existing operators win back their existing spectrum entirely or large part of it, then frequency spots should remain unchanged.</i></li> <li><i>2. If the same is left to operators to decide, then such swapping should not be linked with any other issue.</i></li> </ol> <p>If existing operators are not able to change their frequency spots due to any reason, then they should be given at least one year to carry out the changes in their network.</p>	
260.	<p>Clause 2.3 (Technology) states the following:</p> <p>“If the auction determined price is more than one year old then the prevailing market rates would be determined by indexing the last auction process at the rate of SBI PLR”</p> <p>Similarly, Clause 2.1 in case of allotment of partial spectrum states the following:</p> <p>“Bid amount as mentioned above will be collected subject to the condition that the amount to be collected in future at the time of providing balance spectrum would be the balance prorated bid amount indexed on the SBI PLR prevalent for the period between finalisation of bid price and actual allocation made.”</p> <p>In both the scenario of spectrum being liberalised at a future date or payment for partial spectrum, the SBI PLR is being used for indexing the auction determined price.</p>	No change in the NIA Condition.

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No.	Query	Response
	<p><i>DoT is requested to kindly consider the indexation of the prices with the Base Rate as against SBI PLR in view of its wider acceptance.</i></p>	
261.	<p>Clause 2.1 in case of allotment of partial spectrum states the following:</p> <p>“Bid amount as mentioned above will be collected subject to the condition that the amount to be collected in future at the time of providing balance spectrum would be the balance prorated bid amount indexed on the SBI PLR prevalent for the period between finalisation of bid price and actual allocation made.”</p> <p>DoT is requested to kindly clarify the deferred payment methodology in case of allotment of partial spectrum, say at a later date 5 years hence forth, with an example.</p>	<p><u>Illustration regarding pro-rata calculation of instalments in case of Partial spectrum:-</u></p> <p>Suppose, in a service area with a population of 5000, spectrum is not initially available for district(s) with population of 1500 (population figures as per 2011 census). The spectrum becomes available after 5 years. Further, suppose that “20000” is the total price of the spectrum won by the bidder for that service area and SBI PLR is 13%.</p> <p><u>Scenario 1:-</u> if the full upfront payment is the option chosen by the bidder, then</p> <p>Initial payment = <math>20000 \times \frac{(5000-1500)}{5000} = 14000</math></p> <p>Remaining amount to be taken = <math>20000 - 14000 = 6000</math></p> <p>Since remaining period of right of usage = 15 years,</p> <p>Hence, pro-rated amount for remaining period = <math>(15/20) \times 6000 = 4500</math></p> <p>This pro-rated amount to be indexed over 5 years using SBI PLR = <math>4500 \times (1 + 13/100)^5</math></p> <p style="text-align: center;">= 8290.96</p> <p>Thus upfront payment at the time of allotment of balance spectrum would be 8290.96.</p> <p><u>Scenario 2:-</u> If the deferred payment option was chosen by the bidder, then same methodology and tables given in the</p>

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No.	Query	Response
		NIA (for ten instalments) would apply for calculating upfront payment and instalments (or values of annuities) for amount of present value 8290.96. This includes part upfront payment (33% of this amount), 2 year moratorium on payment of instalment, 10% rate of interest and 10 equal instalments (if 12 or more years are remaining in the right to usage period, otherwise lesser number of instalments would be allowed , upto the end of right of usage period of 20 years, with same rate of interest of 10%).
262.	<p>During the March, 2013 Auctions, the licensees due for expiry in Nov, 2014 were termed as „Renewal Licensee“ and were not required to submit an undertaking to obtain a Unified License. This undertaking was not sought as such licenses were already holding valid UAS/ CMTS License.</p> <p><i>However, in the present auction, the licenses due for expiry in Nov, 2014 are being termed as New Entrants and the New Entrants are being asked to furnish an Undertaking vide Clause 8.3.3 (Pg. 90) to obtain a Unified License. In this regard, please clarify the following:</i></p> <p><i>a) Whether such Undertaking is applicable for only those companies who presently do not have UAS/ CMTS/ UL(AS)/ UL License in the specified service area</i></p> <p><i>b) The above undertaking is not to be given by an existing licensee due for expiry in Nov, 2014 (similar to the process followed in Mar, 2013 auctions)</i></p>	Undertaking is required.
263.	<p>As per the Clause 2.1, Spectrum to be auctioned: licensee whose license are due for extension being treated as new licensee cannot bid for below 5 MHz of spectrum in either of 900 MHz or 1800 MHz bands. Hence,</p> <ul style="list-style-type: none"> <li>○ Service Providers cannot bid for the spectrum as per their requirement. Either they have to bid for 5 MHz or 10 MHz of Spectrum. Kindly clarify.</li> <li>○ Operator like Vodafone, Loop, Bharti Airtel cannot retain its spectrum which they currently holds in Mumbai, Delhi, Kolkata Service Areas and accordingly either go for entire 10</li> </ul>	No change in NIA conditions.

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No.	Query	Response
	<p>MHz in 900 MHz or 5 MHz in each mentioned bands and the same is not viable/rational. Kindly clarify.</p> <p>The same is also against the principle of service continuity.</p>	
264.	<p><b>As per Clause 3.2, Eligibility Criteria</b> - Licensee whose license due for extension are been treated as new license.</p> <ul style="list-style-type: none"> <li>○ These licensees should be treated as existing licensee.</li> <li>○ Do these licensee needs to submit a fresh PBG in addition to the PBG already submitted as per the NIA.</li> <li>○ Since for licensees whose license are due for extension do not have any additional roll out obligation in metro service area, do they still have to submit PBG of Rs. 35 crores valid for 6 years towards roll-out obligations.</li> </ul> <p>Do they have to obtain fresh SACFA Clearances / Wireless Operating Licenses?</p>	Please refer to Amendment No.2 to NIA.
265.	<p><b>As per Clause 4.2.1.1, EMD Required</b> - EMD mentioned in the NIA is comparatively higher per MHz for 1800 MHz band as compared to 900 MHz band. Whereas, the reserve price of 900 MHz is far higher than as compared to 1800 MHz. Hence kindly clarify whether there is a typo error and needs to be aligned by DoT?</p>	No change in NIA conditions.
266.	<p><b>As per Clause 3.7, Spectrum Usage Charges</b> - 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.</p> <ul style="list-style-type: none"> <li>○ DoT has not accepted TRAI's recommendations on Uniform Spectrum Usage Charges (SUC) and the same is important for the business plan before the participation in the auction.</li> </ul> <p>When will DOT implement the flat rate SUC for all licenses?</p>	Matter regarding revision of SUC is under consideration and likely to be finalized before commencement of the spectrum auction.
267.	<p><b>Clause 4.5, Payment Terms</b> - Successful Bidders shall make the payment within 10 days of declaration of final price.</p>	No change in NIA Condition.

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No.	Query	Response
	<ul style="list-style-type: none"> <li>○ The auction discovered prices are required to be paid in 10 days ( 25% or 33%) but 900 MHz spectrum will be used from Dec'14 only. Though it is mentioned that 20 years validity will be reckoned from the date spectrum is issued there is still a concern about paying upfront amount (and EMIs) ahead by 10 months. That's a huge interest cost. Elsewhere DoT has permitted payment for spectrum on a # prorate basis based on districts for which spectrum is issued. Extending the same logic, should the operators not be given time till November'14 to pay for the spectrum that will be available and used only then ( Nov'14)</li> </ul> <p>The same should not be taken in advance and can be securitized by bank guarantee till the spectrum is assigned, i.e. after November, 2014.</p>	

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No.	Query	Response
268.	<p><b>Clause 5.5, Frequency Identification Stage:</b> The winning bidder(s) who have won a minimum of 25 blocks in a particular Service Area will be considered for the allocation of contiguous spectrum in that particular Service Area.</p> <ul style="list-style-type: none"> <li>○ Do DoT will ensure the only contiguous spectrum is been allocated to the successful bidders who bid for 5 MHz of Spectrum or more in a Service Area in the forthcoming auction.</li> <li>○ If the 5MHz of spectrum won by an operator in auction is not contiguous, operator should be given an opportunity to exit the auction at a later stage.</li> </ul> <p>DoT needs to come up with the frequency identification stage plan for contiguous spectrum before the conduct of forthcoming auction.</p>	No Change in NIA Condition.
269.	<p><b>Clause 3.6.1(xi): Imposition of Liquidated Damages:</b> At present, minimum 60 calendar days duration is prescribed for grant of SACFA clearance. While examining the compliance of rollout obligations, the average delay in grant of the SACFA clearance beyond the above mentioned prescribed duration shall be excluded from the duration set for each phase of rollout obligations in the clauses (iv) and (v)(a) above.</p> <p>NIA needs to be corrected with regard to the LD imposition clause for delay in roll out wherein it is mentioned that average SACFA delay should be taken into account. However the TDSAT order states the maximum delay should be considered.</p>	Please refer to Amendment No.2 to NIA.
270.	<p><b>Para C, Certificates / Undertakings:</b> I hereby certify that neither the Applicant nor any of its Associated Licensees are the subject of criminal or civil proceedings that could be expected to adversely affect its business or its ability to bid in the Auction.</p> <p>Kindly clarify this point in respect of “adversely affect its business or its ability to bid in the auction”.</p>	NIA is self explanatory.
271.	<b>Other Queries:</b>	

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No.	Query	Response
	<p>Since there is a possibility that spectrum will be available even after auction (unsold spectrum).</p> <ul style="list-style-type: none"> <li>○ When will the next auction be held for 900 MHz and 1800 MHz?</li> <li>○ Why an operator whose license is expiring in November, 2014, be forced to bid for spectrum in Jan'2014? Why this operator cannot pay and buy spectrum anytime before November, 2014.</li> <li>○ Or it will be assigned administratively.</li> <li>○ In between if operators were to seek spectrum or additional spectrum by paying auction discovered prices will it be allowed, subject to spectrum being available? If yes are there are any guidelines governing such purchase.</li> </ul>	<p>Schedule of subsequent Auction will be indicated from time to time.</p> <p>No Change in NIA Condition.</p> <p>Not Related to this NIA.</p> <p>Not related to this NIA.</p>
272.	When will the auction be held for 2100 MHz, 2300 MHz, 700 MHz and 800 MHz band?	Schedule of subsequent Auction will be indicated from time to time.
273.	When will be the Merger and Acquisition Guidelines be announced? DoT needs to come up before the start of the forthcoming Auction	Policy formulation and announcement is a continuous process.
274.	When will the Spectrum Trading Guidelines be announced? DoT needs to come up before the start of the forthcoming Auction	Policy formulation and announcement is a continuous process.
275.	When will the Spectrum Sharing Guidelines be announced? DoT needs to come up before the start of the forthcoming Auction	Policy formulation and announcement is a continuous process.
276.	When will MVNO policy be announced?	Policy formulation and announcement is a continuous process.