

Cabinet approves Auction of spectrum

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The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi, has approved a proposal of the Department of Telecommunications to conduct spectrum auction through which spectrum will be assigned to the successful bidders for providing commercial mobile services.

The auction will be for spectrum in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz frequency bands. Spectrum will be offered for assignment for validity period of 20 years. A total of 2251.25 MHz is being offered with total valuation of Rs. 3,92,332.70 crore (at reserve price).

By winning right to use spectrum through the auction, incumbent telecom service providers will be able to augment their network capacity whereas new players will be able to start their services.

In the auction, bidders will have to comply with parameters/conditions e.g. block size in which bidders will be able to submit their bids, spectrum cap i.e. the maximum amount of spectrum that can be held by each bidder after the completion of the auction, roll-out obligations, payment terms etc.

Successful bidders may pay entire bid amount in one go (upfront) or may exercise an option to pay a certain amount (25% for spectrum won in 700 MHz, 800 MHz, 900 MHz bands or 50% for spectrum won in 1800 MHz, 2100 MHz, 2300 MHz, 2500 MHz bands) upfront and remaining amount in a maximum up to 16 equated annual instalments, after a moratorium of two years.

In addition to the bid amount, successful bidders will also have to pay 3% of the Adjusted Gross Revenue (AGR) excluding wireline services as spectrum usage charges for the spectrum won through this auction.

Spectrum auction is a transparent process of spectrum assignment to successful bidders. Sufficient spectrum availability increases the quality of telecom services for the consumers.

It is relevant that the Telecom Sector today is a key infrastructure provider with strong linkages with economic growth, direct and indirect employment generation and expansion of Digital India. Hence the above decision of the Cabinet is expected to have a salutary impact on all the aspects.

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