Illustration showing acceptance of Competitive bids on
'Uniform Price' and 'Multiple Price' Auction methods

Let us assume that RBI has notified an amount of ₹ 300 crore for competitive bidders in a Treasury bill auction and received the following bids.

Bidders	Bid Prices (₹)	Bid Amount (₹ Crore)	Cumulative bid amount (₹ Crore)
A	98.50	90	90
B	98.40	60	150
C	98.35	80	230
D	98.30	70	300
E	98.20	85	385
F	98.00	30	415

Let us assume that the cut-off price fixed in the auction is ₹ 98.30. Bids upto the cut-off price i.e. A, B, C & D will be accepted. E & F will be rejected. In the case of the 'Uniform Price' auction, each successful bidder will have to pay @ ₹ 98.30 irrespective of bid prices individually quoted. The total amount payable will be (₹ 98.30/100x300)= ₹ 294.90 crore; whereas in the case of Multiple Price Auction, each successful bidder will have to pay the bid price he had offered. The total amount payable will be [(₹98.50/100x 90) + (₹98.40/100x 60) + (₹98.35/100x80) + (₹98.30/100x70)]= ₹ 295.18 crore.