**Bharti Airtel Ltd.**
India & South Asia
Airtel Center, Plot No. 16,
Udyog Vihar, Phase - IV,
Gurugram - 122 015
Haryana, India

www.airtel.in
Call +91 124 4222222
Fax +91 124 4243252

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09th March 2026

**Shri. D. Manoj**
**Principal Advisor (Financial & Economic Analysis)**
**Telecom Regulatory Authority of India,**
World Trade Centre
Nauroji Nagar
New Delhi – 110029

**Subject: Bharti Airtel's Counter Comments on Consultation Paper on *Review of Tariff for Domestic Leased Circuits (DLCs)***

**Reference:**
1. **TRAI's Consultation Paper dated 23rd January 2026**
2. **Bharti Airtel's Comments dated 2nd March 2026**

Dear Sir,

This is in reference to TRAI's Consultation Paper on the *Review of Tariff for Domestic Leased Circuits (DLCs) dated **23rd January 2026.***

In this regard, please find enclosed our counter comments to the consultation paper for your kind consideration.

Thanking You,

Yours Sincerely,
For **Bharti Airtel Limited**

**Rahul Vatts**
Chief Regulatory Officer

**Encl: a.a**

Airtel thanks the Authority for the opportunity to provide its counter comments to responses received on the consultation paper ("CP") on *"Review of Tariff for Domestic Leased Circuits (DLCs)"*. These counter comments are an extension of our comments submitted on 02nd March 2026.

1. **Regulatory Evolution – From Tariff Prescription to Market Forbearance:**

    a. The journey of tariff regulation in India's telecommunications sector is a story of progressive regulatory maturity—one in which the Authority has consistently demonstrated confidence in market forces once competition deepened and technology evolved.

    b. At the inception of liberalization, tariffs across multiple segments were subject to prescriptive regulation. This was appropriate for a nascent market characterized by limited players, high entry barriers, and uncertain demand. However, as competition intensified and networks expanded, the Authority gradually transitioned from command-and-control pricing to calibrated forbearance. Long distance services, roaming, international carriage, broadband access, and enterprise data offerings were progressively moved to market-determined regimes once the Authority was satisfied that competition, transparency, and consumer choice provided adequate safeguards against abuse.

2. **Structural Transformation of Enterprise Connectivity Solutions and the Evolving Role of DLCs:** The DLC segment now stands at a similar inflection point—indeed, arguably beyond it. Historically, DLCs provided dependable, point-to-point connectivity forming the backbone of enterprise communications. Today, however, enterprise connectivity has undergone structural transformation. It is no longer a static bandwidth pipe between two endpoints; it is an engineered solution—integrating layered security, redundancy architectures, performance-linked service level agreements (SLAs), and intelligent routing frameworks. Enterprises procure outcomes, not merely circuits. Pricing is therefore inseparable from network design, resilience commitments, and contractual risk allocation.

3. **Fibre Infrastructure Realities and Escalating Right of Way (RoW) Challenges:** At the same time, the underlying infrastructure realities remain uncompromising. DLCs are powered entirely by physical fibre networks that must be excavated, deployed, protected, and continuously upgraded. Fibre rollout traverses jurisdictions governed by more than 7,000 urban local bodies, alongside multiple State and Central authorities. Despite progressive policy initiatives such as the Gati Shakti Sanchar framework, the process of securing RoW approvals continues to involve procedural variability, delays, and elevated compliance costs. Restoration charges are frequently excessive where specified, and unpredictable where not. In many geographies, fibre deployment costs are not declining—they are increasing.

4. **Sustained Capital Investment and the Need for Regulatory Predictability:** Significant investments have been made by TSPs to support India's digital transformation—spanning enterprise connectivity, Government platforms, data centres, and mission-critical applications. These investments are long gestation, capital-intensive, and risk-bearing. Sustaining such infrastructure expansion requires regulatory predictability. Prescriptive tariff ceilings at this stage would introduce uncertainty precisely where stability is most required.

5. **Effective Competition and Market-Based Price Discovery in the DLC Segment:** Importantly, the DLC market is demonstrably competitive. Seventy-one operators for NLDs and multiple Access Service Providers (ASP), actively participate in enterprise connectivity. Contracts are typically awarded through competitive bidding processes. Solutions are bespoke—often incorporating dual MPLS clouds, diverse last-mile media (fibre, RF, 4G/5G), active-active redundancy, and penalty-backed SLAs. Financial exposure for performance failures is real and material. A static, distance-based, or bandwidth-slab tariff framework cannot capture this complexity. Competition in MPLS-VPN, Ethernet, and hybrid architectures already imposes natural price discipline. Technology-specific tariff prescriptions would distort network design choices and incentivize regulatory arbitrage rather than efficiency.

6. **Technological Evolution Does Not Alter the Foundational Fibre Cost Base:** While DWDM, Ethernet over Fibre, and SD-WAN enhance capacity utilization and service flexibility, they do not eliminate the foundational cost of fibre deployment. SD-WAN, in particular, is an overlay architecture—it does not substitute the underlying transport layer. These developments represent iterative innovation within the same physical cost ecosystem, not structural cost compression warranting ex-ante tariff recalibration.

7. **Obsolescence of Legacy Cost Models in Packet-Based, Software-Defined Networks**: Moreover, legacy cost-modelling constructs—such as BU-FAC frameworks and rigid distance-based slabs conceptualized in 2014—are misaligned with contemporary packet-based, software-defined, and statistically multiplexed networks. The "death of distance" phenomenon, shared cores, and dynamic routing have rendered simplistic kilometre-based constructs increasingly artificial. Reintroducing legacy methodologies or transplanting foreign cost models would neither reflect Indian ground realities nor advance regulatory proportionality.

8. **Regulatory Symmetry and the Imperative of a Level Playing Field**: Regulatory symmetry must also be preserved. Internet Service Providers (ISPs) are presently being considered for provision of leased circuits and VPN services who usually operate under comparatively lighter regulatory obligations. Imposing tariff ceilings would create further asymmetry, distort competition, and undermine the principle of a level playing field. Enterprise customers are sophisticated, contracts are commercially negotiated, and transparency is embedded through competitive procurement processes.

9. **Absence of Justification for Segment-Specific or Geography-Based Tariff Ceilings:** There is no empirical basis for additional ex-ante reporting mandates, geography-specific tariff prescriptions, or separate ceilings for local lead and trunk segments.

10. **Pass-Through Charges, GR/ApGR Treatment, and the Need for Licensing Clarity:** While Virtual Network Operators (VNOs) are permitted to deduct payments made to underlying TSPs from Gross Revenue/Adjusted Gross Revenue, a TSP procuring bandwidth from another TSP is not accorded equivalent treatment. This inconsistency inflates effective costs and cascades into pricing. Charges of a purely pass-through nature—such as leased line and bandwidth payments—should be explicitly recognized as deductible under license conditions. Such clarity would promote infrastructure sharing, eliminate interpretational disputes, and foster efficient network expansion.

11. **Affirmation of Comprehensive Tariff Forbearance for DLC Services: In conclusion, the Authority's own regulatory history demonstrates a principled shift from tariff prescription to forbearance wherever markets matured and competition proved robust. The DLC segment today reflects precisely those conditions: effective competition, technological plurality, customized enterprise contracting, and substantial investment risk within a high and often rising cost environment.**

12. **A return to technology-specific or cost-based ceiling regulation would be regressive, inconsistent with the Authority's established trajectory, and detrimental to long-term investment, innovation, and enterprise welfare. The proportionate and economically sound course is to affirm comprehensive tariff forbearance for DLCs, allowing market forces—under vigilant regulatory oversight—to continue delivering efficiency, resilience, and value to India's digital economy.**

For the sake of continuity, here is a quick summary of the key submissions made earlier:

In Summary:

- ✓ *The DLC market in India is operating under conditions of effective and sustainable competition. Accordingly, permitting ISPs to offer DLCs is neither necessary nor desirable for promoting competition and achieving tariff efficiency. Considering that the scope of ISPs w.r.t. provision of DLCs is already under consideration in the Rules, structural and regulatory distinctions among ASPs, NLDOs and ISPs also support the continuation of tariff forbearance for DLC services.*

- ✓ *Enterprise connectivity market is competitive, technologically diverse and runs on commercial negotiations with customised service commitments. Standardised tariff prescriptions in such a scenario would not only be impractical but could also potentially distort conditions.*

- ✓ *A stable and predictable policy framework with ex-post oversight, coupled with regulatory forbearance across all DLC technologies, is essential for ensuring long-term market efficiency, sustained investment, technological innovation and enterprise consumer welfare.*

- ✓ *Forbearance will:*
  - *Preserve market efficiency;*
  - *Encourage innovation and service customization;*
  - *Avoid distortions in enterprise contracting; and*
  - *Sustain the financial viability required for fiberisation and digital infrastructure expansion.*

- ✓ *Consistent with the precedents of the TRAI's TTO (57th Amendment), 2014, MPLS-VPN based DLCs should remain outside tariff regulation.*

- ✓ *Dynamic and heterogeneous nature of enterprise connectivity solutions—such as DWDM, SD-WAN and Ethernet over Fibre—cannot be effectively regulated through static tariff ceilings. Tariff forbearance is, therefore, the most appropriate approach.*

- ✓ *Technology-specific or technology-neutral or bandwidth/distance-based tariff prescriptions for DLCs and related enterprise connectivity services are not relevant in the current mature and competitive market environment. Regulatory forbearance should apply uniformly across all capacities and technologies.*

- ✓ *Distance-based pricing structures derived from 2014 slabs are obsolete. In line with the 'death of distance' principle, P2P-DLCs should be under a full forbearance regime without distance-based or other ceiling prescriptions.*

- ✓ *Staggered tariffs based on service commitments or geography are neither necessary nor appropriate. A uniform regime of regulatory forbearance should be maintained.*

- ✓ *No additional ex-ante or DLC-specific reporting requirements should be introduced to introduce transparency in discounts or service bundling since competitive practices and contractual disclosures already ensure adequate transparency.*

- ✓ *Standardized tariff disclosure formats for DLC providers should not be mandated since they will be commercially intrusive and inconsistent with a forbearance regime.*

- ✓ *The Bottom-Up Fully Allocated Cost (BU-FAC) methodology used in 2014 should not be reapplied/used for computing cost-based ceiling tariffs. In view of the technological evolution, changing cost structures and competitive dynamics currently at play, tariff forbearance is the most appropriate regulatory approach.*

- ✓ *Separate ceiling tariffs for local lead and trunk segments are unnecessary. Regulatory forbearance should apply across all DLC segments.*
- ✓ *Spectrum charges for 6 GHz backhaul links are not an appropriate benchmark to determine DLC ceiling tariffs. Any spectrum-referenced tariff ceilings would distort competition, undermine investment and hinder innovation.*
- ✓ *Prescribing separate ceiling tariffs for remote or hilly areas is unwarranted. A nationwide forbearance regime is the most efficient, transparent, investment-friendly and non-discriminatory approach to adopt for ensuring equitable access.*
- ✓ *Charges of a pass-through nature (e.g., bandwidth or leased line charges) should be clearly defined in the license framework to ensure consistent interpretation, avoid ambiguity in regulatory and financial treatment and prevent cascading pricing effects.*

In the remainder of this document, Airtel submits its counter comments on the key points raised by some of the stakeholders.

## I. Staggered Tariffs Not Required, Forbearance should be Adopted:

***One of the stakeholders has stated that:***

- ***Staggered tariffs based on service commitments can improve transparency and enable users to choose services aligned with their performance requirements.***
- ***There is a need to distinguish separately between both the local lead and trunk segments, for prescribing ceiling tariffs for P2P DLC, for instance, defining local leads as up to 50km and trunks beyond that, due to different cost drivers.***

**Airtel's Counter Comments:**

1. **Airtel strongly reiterates that the Authority should not introduce tiered tariff structure whether based on service commitments, bandwidth capacities, distance slabs, or geographic regions for either VPN-based or P2P-based DLC services.**

2. The enterprise connectivity segment operates under an intensely competitive, technologically diverse, and commercially negotiated environment, where tariff discovery naturally occurs through market mechanisms. In such a scenario, regulatory forbearance remains the most appropriate approach.

3. Operators design and dimension their networks holistically, based on *end-to-end performance obligations* and integrated architecture rather than isolated SLA components. The actual cost of delivering enterprise connectivity is influenced by a wide

array of operational realities such as RoW conditions, fiber availability, fiber depth, local infrastructure constraints, and topographical factors.

4. These variations are already priced efficiently through competitive bidding, customer-specific design, and commercial negotiations. As a result, regional cost differences are inherently absorbed and reflected in market-driven pricing without any need for regulatory intervention.

5. The DLC ecosystem today includes P2P over fiber, MPLS-VPN, DWDM-based high-capacity circuits, Ethernet over fiber, Carrier Ethernet, SD-WAN overlays and Hybrid WAN architectures. Each of these carries different cost structures, performance profiles, and provisioning mechanisms. Creating tariff tiers inevitably leads to:
   - Misalignment with real cost structures
   - Arbitrage opportunities between tiers.
   - Technology-specific distortions
   - Slowing down migration to next-generation enterprise technologies

6. Further, enterprise connectivity services are rarely purchased as isolated bandwidth pipes. They are typically procured as integrated network solutions combining access circuits, core transport, redundancy architecture, managed services, security overlays, and performance-linked service guarantees. Attempting to isolate tariff components for individual elements such as local lead or trunk distance does not reflect how networks are engineered or procured in practice. Such segmentation would artificially fragment integrated solutions and create regulatory constructs that do not correspond to real-world service delivery models.

7. Tiered tariff structures are inherently misaligned with the enterprise connectivity environment, which is characterized by customization, technological dynamism, and competitive service differentiation. Market-driven pricing already ensures efficiency and fairness. Introducing, tiers will only create distortions, restrict innovation and undermine investment. **Therefore, Airtel submits that a uniform regime of full regulatory forbearance is the only practical, equitable, and forward-looking approach.**

8. **It is also important to recognize that regulatory intervention in tariff setting is generally warranted only where there is clear evidence of market failure—such as persistent anti-competitive behaviour, lack of competitive alternatives, or systematic consumer harm. No such evidence has been presented in the consultation process with respect to the DLC segment. On the contrary, the market is characterized by multiple service providers, competitive bidding processes, and technologically diverse service offerings. In the absence of demonstrable market failure, introducing tariff ceilings would be inconsistent with principles of proportionate and evidence-based regulation.**

9. In addition, introducing distance-based tariff segmentation such as local lead versus trunk would reintroduce regulatory constructs that are increasingly irrelevant in modern packet-based networks. Traffic in contemporary optical and IP networks is dynamically routed through shared infrastructure, and service provisioning does not follow static kilometre-based cost allocation models. As a result, such regulatory segmentation would not reflect actual network economics and could create artificial incentives for regulatory arbitrage rather than operational efficiency.

## II. Forbearance should be the only Approach, No Cost Methodology Required:

***"One of the stakeholders has stated that TRAI should use updated cost methodologies to reflect technological advancements, increased fiberisation, and enhanced competition since the last revision that took place in 2014, instead of continuing with the Bottoms-Up Fully Allocated Cost (BUFAC) methodology for Point-to-Point Domestic Leased Circuits (P2P DLC)."***

**Airtel's Counter Comments:**

1. Airtel reiterates that the Authority should not use the BU-FAC (Bottom-Up Fully Allocated Cost) methodology for computing cost-based ceiling tariffs for P2P DLCs, as was undertaken in 2014.

2. Instead, the Authority should adopt a policy of tariff forbearance for this segment. This is because the BU-FAC approach is fundamentally misaligned with present-day technological, commercial, and competitive realities in the enterprise connectivity market.

3. Also, any method cannot reflect competitive market pricing as the enterprise connectivity market today is, highly competitive, technology-diverse and driven by customer-specific design and commercial negotiations. In such an environment, tariffs emerge naturally from market forces. Attempting to superimpose a ceiling based on any method would lead to distortion in competition which constrains innovation and network modernization. This is fundamentally at odds with the maturity and competitiveness of the enterprise segment.

4. Moreover, modern telecommunications networks are increasingly based on shared, packet-switched architectures in which capacity is dynamically allocated across multiple services and customers. Under such conditions, allocating network costs to individual circuits using deterministic cost models becomes inherently complex and often produces results that diverge significantly from real-world operational economics. Any attempt to derive ceiling tariffs from such models risks generating outcomes that are analytically artificial and commercially impractical.

5. **Therefore, given the outdated assumptions, structural limitations, incompatibility with modern network architecture, and the highly competitive nature of the enterprise market, using any methodology to set tariffs today would be inappropriate and counterproductive. A policy of regulatory forbearance is the only practical, efficient, and forward-looking approach for DLC services.**

## III. Separate ceiling tariffs for remote and hilly areas is unwarranted; Forbearance approach should be adopted across the country:

***One of the stakeholders has opined that there is a need for prescribing separate, often higher or specially subsidized, ceiling tariffs for remote and hilly areas.***

**Airtel's Counter Comments:**

1. **Airtel strongly states that there is no justification or necessity to prescribe separate ceiling tariffs for DLCs in remote or hilly areas.**

2. In this regard, we would like to reiterate that the existing tariff framework, based on uniform, non-discriminatory ceilings applicable across all routes and geographies, has functioned demonstrably well and continues to meet the regulatory objectives of affordability, transparency and nationwide availability of services.

3. The enterprise connectivity market is not witnessing any systemic pricing distortions or unwarranted tariff variations across regions. The only instances where tariffs appear marginally higher, such as in hilly, remote, or certain non-metro areas are solely attributable to inherently higher input costs. These include the significantly greater expenses involved in fiber deployment, difficult terrain-related maintenance challenges, and higher last-mile Right-of-Way (RoW) charges imposed by local authorities. These cost drivers are structural, location-specific, and entirely outside the control of service providers. Importantly, even in these geographies, tariffs remain substantially below the existing regulatory ceilings, demonstrating that market forces continue to operate efficiently even under adverse deployment conditions.

4. While enterprise requirements, network architectures, and available technologies continue to evolve rapidly, these changes are supported by a highly competitive market landscape and strong commercial discipline. Operators continuously upgrade their networks through packet-optical systems, Ethernet-based solutions, cloud-integrated connectivity, SD-WAN overlays, and other next-generation architectures to meet dynamic customer needs. This environment of sustained competition ensures that tariff formation remains efficient, innovation-driven, and reflective of actual customer demand. There is no evidence of market failure that would necessitate regulatory intervention through tariff tiering.

5. Furthermore, tariff discovery in challenging terrains such as hilly, remote, or low-density regions is already thoroughly market-driven. TSPs evaluate the commercial viability of each link based on demand potential, terrain-specific deployment costs, infrastructure availability, and long-term sustainability. Prices are determined after assessing feasible RoW, fiber build costs, fault-repair logistics, and the cost-to-serve in these areas.

6. **All above ensures that tariffs remain fair, transparent, and economically justified without the need for ex-ante regulatory ceilings or geographically differentiated tariff prescriptions. Introducing tiered tariffs in such markets would interfere with efficient commercial assessment, distort investment incentives, and potentially reduce operators' ability to expand coverage into cost-intensive regions.**

7. **It is also important to note that where connectivity expansion into remote and difficult terrains requires policy support, the appropriate instruments are targeted infrastructure incentives or universal service mechanisms rather than tariff controls. Tariff prescriptions cannot address underlying deployment challenges such as terrain constraints, sparse demand, or high RoW costs. Instead, such measures may inadvertently reduce the commercial viability of deploying infrastructure in precisely those areas where connectivity expansion is most challenging.**

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