DG/COAI/REG/2026/1012

09 March 2026

Shri D Manoj
Pr. Advisor (F&EA)
Telecom Regulatory Authority of India
Tower F, World Trade Centre, Nauroji Nagar
New Delhi – 110029

<u>Subject:</u> **<u>COAI's counter comments to TRAI's Consultation Paper on "Review of Tariff for Domestic Leased Circuits (DLCs)".</u>**

Dear Sir,

1. This is with reference to the TRAI Consultation Paper on "Review of Tariff for Domestic Leased Circuits (DLCs)", released on 23 January 2026. In this regard, please find enclosed the COAI's counter comments.

We trust that our submission would merit your kind consideration, and we look forward to your valued support on the same.

Thanking you in anticipation.

Sincere regards,

Signed on: 09-03-2026 16:25:45
Digitally Signed by:
Lt Gen Dr SP Kochhar
DG
COAI
Signature Valid From: 2026-02-16 10:14:25
Valid To: 2027-02-16 10:14:25

Lt. Gen. Dr. S.P. Kochhar, AVSM**, SM, VSM, ADC, KIGA
Former Signal Officer in Chief, Indian Army
Fellow IETE, Fellow AIMA, Member IEEE, Sr. Member CSI

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1. Shri Atul Kumar Chaudhary, Secretary, TRAI, Tower F, World Trade Centre, Nauroji Nagar, New Delhi – 110029.

COAI's counter comments to the TRAI Consultation Paper on "Review of Tariff for Domestic Leased Circuits (DLCs)"

We thank the Authority for providing us the opportunity to share the counter comments to the Consultation Paper on "Review of Tariff for Domestic Leased Circuits (DLCs)".

1) ***One of the stakeholders has stated that permitting ISPs to provide DLCs will likely impact positively on the sector, is an increase in competition, a reduction in tariffs, and improved infrastructure utilization.***

2) ***Some stakeholders have further stated that allowing ISPs to offer DLC services would bring new players into a market and will significantly enhance competition.***

COAI counter comments:

a. We strongly reiterate our view that allowing ISPs to provide DLC will lead to a non-level playing field. The obligations, including the networth and entry fee, imposed on Access Providers and NLDs to provide Domestic Leased Circuits are substantially higher than those applicable to Internet Service Providers.

b. Further, TSPs have made substantial long-term investments in pan-India fibre infrastructure, last-mile connectivity, redundancy, and network hardware, while also complying with stringent licensing, security, and quality-of-service obligations. These investments have been undertaken over many years to build reliable, nationwide networks capable of supporting enterprise-grade connectivity services.

c. As stated in the response to the consultation paper, we reiterate that the Access Service and NLD authorization requires minimum equity and networth of ₹ 2.5 Cr. each, the same is not required for ISP authorization. Further, the entry fee for a National Long Distance (NLD) license (₹2.5 Cr) is over eight times that of an ISP-A license (₹30 Lakh). The disparity is even greater for Access Services (₹1 Cr), which carries an entry fee fifty times higher than an ISP-B authorization (₹2 Lakh).

d. Therefore, allowing ISPs, which operate under comparatively lighter regulatory obligations and rollout requirements, to enter the DLC market would create an uneven competitive landscape. ISPs will participate only in high-revenue urban markets while avoiding less profitable geographies, where infrastructure deployment is more capital intensive. This selective participation could undermine the ability of infrastructure-heavy operators to recover their investments and sustain nationwide network expansion.

e. Moreover, enterprises that require pan-India connectivity may face operational challenges due to the limited presence of ISP infrastructure across all locations. Permitting ISPs to provide Domestic Leased Circuits (DLCs) will thus distort competition, fragment service availability, and potentially lead to unsustainable tariff outcomes in the DLC market.

3) ***Some stakeholders has suggested that c*onsidering 47% of DLC being served as MPLS-VPN, it is prudent that such type of service may also be under tariff regulatory framework.**

COAI counter comments:

a. MPLS-VPN based DLCs are complex, managed, and highly customised enterprise networking solutions. They offer differentiated service attributes such as traffic engineering, multiple QoS classes, redundancy, security features, cloud integration, and stringent SLA commitments. As a customised B2B service, TSPs design MPLS-VPN solutions based on the specific requirements of each enterprise customer. The market is highly competitive, with prices negotiated commercially based on parameters such as bandwidth, number of sites, network architecture, and SLA requirements.

b. At the same time, MPLS-VPN DLC services are evolving rapidly with the adoption of SD-WAN and cloud platforms. These services increasingly operate over shared network infrastructure rather than dedicated circuits, enabling efficient utilisation of network resources through virtualised tunnels and software-driven network management.

c. Given this dynamic and competitive market structure, regulatory intervention in pricing could distort commercially negotiated outcomes and weaken incentives for TSPs to continue investing in advanced network infrastructure.

d. In this context, the imposition of tariff ceilings may hinder the adoption of next-generation enterprise networking solutions and potentially slow the pace of digital transformation across industries.

e. Accordingly, regulatory forbearance across all technologies associated with the DLC market remains essential**.** A stable and predictable policy framework, complemented by ex-post oversight, will help ensure long-term market efficiency, sustained infrastructure investment, technological innovation, and improved outcomes for enterprise consumers.

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

COAI counter comments:

a. TRAI has itself acknowledged significant competition and price declines in the DLC market driven by customized B2B offerings and commercial negotiations, any regulatory intervention imposing retail-style price controls based on geography or service commitments is unwarranted and would only disrupt this efficiently functioning wholesale market.

b. The DLC market is functioning efficiently, with no evidence of market failure. In such a well-functioning market, regulatory forbearance remains the most appropriate approach, allowing market forces to continue delivering efficiency, innovation, and competitive pricing without distortion.

c. These regions are complex and vary significantly in terms of terrain, accessibility, infrastructure density, RoW regulations, climatic conditions, and local administrative practices. The tariff determination in such difficult terrains is already market driven and commercially assessed by the TSPs, on the basis of demand, viability and infrastructure costs.

d. Therefore, remote and hilly regions are not inherently low-competition markets, rather areas that require significantly higher levels of investment due to geographical and infrastructural constraints. Deployment and maintenance costs escalate substantially in hilly regions. Imposing tariff ceilings in such conditions may render network expansion becoming commercially unviable, thereby discouraging investment.

e. Further, any attempt to define or classify “remote” or “hilly” areas for tariff purposes would be inherently subjective and administratively burdensome. Given the dynamic nature of network expansion, infrastructure availability, and evolving service footprints, such classifications would likely lead to ambiguity, disputes, and regulatory uncertainty without delivering any commensurate benefit to end users.

f. The Authority should instead engage with state governments and relevant agencies to facilitate a substantial reduction in Right of Way (RoW) costs. Lowering these costs would significantly support the expansion of fibre infrastructure and enable the provision of reasonably priced Domestic Leased Circuit (DLC) services in remote and hilly regions.

g. Therefore, neither a separate tariff ceiling nor any regulatory intervention is warranted for remote and hilly areas, rather we strongly urge the Authority to consider adopting a forbearance approach for entire DLC tariff framework.

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