

RJIL/TRAI/2025-26/424

19th May 2025

To,

Shri Vijay Kumar,
Advisor (Financial & Economic Analysis)
Telecom Regulatory Authority of India,
Tower-F, World Trade Centre,
Nauroji Nagar, New Delhi – 110029.

Subject: RJIL's comments on TRAI's Pre-Consultation Paper on Review of Tariff for Domestic Leased Circuits (DLCs).

Dear Sir,

Please find enclosed the comments of Reliance Jio Infocomm Limited (RJIL) on the Pre-Consultation Paper dated 29.04.2025 on **Review of Tariff for Domestic Leased Circuits (DLCs)**.

Thanking you,

Yours Sincerely,
For **Reliance Jio Infocomm Limited**

Kapoor Singh Guliani
Authorized Signatory

Enclosure: As above

**Reliance Jio Infocomm Limited's comments on TRAI's Pre-Consultation Paper on
"Review of Tariff for Domestic Leased Circuits (DLCs)" dated 29th April 2025**

1. Reliance Jio Infocomm Limited (RJIL) thanks the Authority for giving us an opportunity to offer inputs on the important pre-consultation paper on **"Tariff for Domestic Leased Circuits (DLCs),"** in order to frame the issues for consultation.
2. The Authority has rightly felt that before analysing the suitable tariff for DLC, it is important to examine key aspects like 'fair and affordable pricing,' 'promoting healthy competition' in the market, evaluation 'evolving technology' and 'market dynamics,' and fair returns for service providers.
3. We submit that a leased circuit is a two-way link (with both ends of the link in India) for the exclusive use of a subscriber regardless of the way the said subscriber uses it. DLCs provide the backbone for not only the telecommunication services sector but also a host of knowledge-based industries and are arguably key inputs for the economic growth of the country.
4. Enterprises, having their offices spread out in the country, lease-in these dedicated bandwidth capacities (i.e., DLCs) from the TSPs to carry their communication traffic. Similarly, telecom service providers (TSPs) with insufficient transmission infrastructure in any geographical area also lease-in DLCs in order to provide various telecommunication services to their customers. **Evidently, DLCs serve as dedicated communication links that enable businesses to ensure robust, secure, and uninterrupted data transfer between offices, branches, or partners.**
5. Notwithstanding the above, it is important to point out here that there is no known instance of market failure in the DLC market to justify an intervention by the Authority. We submit that when the market forces are working efficiently, then it is opportune to continue with the policy of Forbearance. Since the notification of Telecommunication Tariff Order, 1999 on 09.03.1999 ("TTO"), the Authority has gradually evolved the policy of Forbearance in telecom tariffs. Under this the Authority gives the service providers freedom to design and implement the tariffs suited to the prevailing market conditions. The expansion in scope of forbearance over the years is credited with the lowest tariffs and generational changes that has soared the teledensity and increased wireless broadband penetration in the country.
6. Thus, it is important that any changes in the tariff regulations do not alter the basic tenets of Forbearance. Consequently, we submit that the policy of Forbearance should be applicable for DLC tariff and in any case, there should be no change in ceiling tariff for DLC under the TTO.

7. In this context, our submissions on the key aspects discussed by the Authority are as below:

Development trends and current status of the DLC market in the country.

8. As mentioned above, the DLC market primarily comprises of Point to Point (P-2-P) connectivity and the **market demand appears stable, however, lately, new demand is emerging for connectivity to Data Centres for replication etc., which would help the future growth of DLCs.**

Effectiveness of the existing tariff framework for Domestic Leased Circuits (DLCs)

9. The current tariff framework for DLC seems sufficient as no market failure is observed. The current tariff practices are essentially based on the connectivity bandwidth and distance between the end points and is working fine. The tariffs on offer are mostly all inclusive in nature where the customer gets a composite price for connectivity, customer end devices (CPE) etc. These factors also account for the variations in market tariffs, as the tariff changes basis the last mile connectivity media, CPE, and managed services component, depending upon customer choice of the solution.

Prevailing tariff structures for DLCs offered by service providers across different technologies, bandwidths, and distances.

10. We understand that typically the customers are offered a solution which involves connectivity to multiple locations with multiple connectivity options.
11. **With the prevalence of IP based networks, the tariff structures have become largely independent of distance and technology, as the TSPs are offering services mostly over IP network backbone.**
12. However, in case of customer requirement of stand-alone DLC (Point-2-point L1 connectivity), Local Loop / NLD criterion can also become a factor in addition to access media and managed services ask. **However, as mentioned above, the tariffs are largely governed by the bandwidth requirement consideration than anything else.**

Impact of new technological advancements on the evolving DLC ecosystem and associated tariff considerations.

13. The impact of most service providers leveraging IP backbone, is visible in prevalence of the standard and uniform bandwidth-based tariff leading to simplified offering to customers.

Disparities in tariffs across different routes and geographical regions.

14. We do not believe that this is a relevant consideration anymore. However, some exceptions can be found in the cases where the local geography or some other issues may lead to some difficulty in providing the last mile connectivity, which may in turn affect the CAPEX requirements leading to a deviation from standard tariff.
15. Further, specific requirements of the customer may also have an impact on the tariff. We understand that in such exceptional circumstances, the customer is offered a tariff structure that is the combination of One Time Charges (OTC) and Annual Recurring Charges (ARC).

Approaches and methodologies adopted by service providers for determining tariffs of DLCs (presently under forbearance).

16. As mentioned above, we understand that the prime consideration is bandwidth requirements. Additional factors can be the access media and managed services scope.

Evolving customer requirements and expectations in relation to DLC services.

17. We understand that the customer requirements have evolved over the period of time and the new requirement of this segment of users is an overlay network based on SDWAN solution where the underlying network could be on different technologies and from different players. This offers them better connectivity SLAs and additional security.

Global best practices in DLC tariff frameworks and their potential relevance for the Indian context.

18. We submit that instead of global practices of DLC tariffing, the more pertinent consideration is that the evolving technologies have enabled the customer with more choices, and they can pick from a wide gamut of connectivity options including but not limited to fixed or mobile broadband, MPLS (L3 and L2). The Customer decides the optimum connectivity based on its requirements. Given this environment, the tariff structures in India are already complying to global best practices and trends.

19. Conclusions

- 1. The policy of Forbearance should be followed in DLC tariffs.**
- 2. In case Forbearance is not implementable, then the current tariff regime for DLC has not shown any market failure, therefore an intervention is not required, and no changes are required in DLC ceiling tariffs.**
- 3. Further, we submit that principle of Forbearance should be continued for all associated services or new type of connectivity requirements under the DLC framework.**