



VIL/P&O/TRAI/AK/2025/047
May 19, 2025

Advisor (Financial & Economic Analysis)
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road),
New Delhi – 110002

Kind Attn: Shri Vijay Kumar

Subject: Comments on the Pre-Consultation Paper 'Review of Tariff for Domestic Leased Circuits (DLCs)' dated April 29, 2025.

Dear Sir,

This is in reference to the TRAI's Pre-Consultation Paper 'Review of Tariff for Domestic Leased Circuits (DLCs)' dated April 29, 2025.

In this regard, kindly find enclosed herewith comments from Vodafone Idea Limited on the above-said pre-consultation paper.

We hope our comments will merit your kind consideration please.

Thanking you,
Yours sincerely,

For Vodafone Idea Limited

Ambika Khurana
Chief Regulatory and Corporate Affairs Officer

Enclosed: As stated above



**VIL Comments to the TRAI's Pre-Consultation Paper on
'Review of Tariff for Domestic Leased Circuits (DLCs)' dated 29.04.2025**

At the outset, we are thankful to the Authority for giving us this opportunity to provide our comments to the TRAI Pre-Consultation Paper on Review of existing TRAI Regulations on Review of Tariff for Domestic Leased Circuits (DLCs), issued on 29.04.2025.

In this regard, we would like to submit our comments as follows, for Authority's kind consideration:

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

- a. The DLC market in India is experiencing growth, fueled by the expansion of data centers, cloud services, and the proliferation of digital applications. Key sectors such as Hyperscalers, Cloud Providers, BFSI, IT/ITeS and E-commerce are significant consumers of DLC services, contributing to the overall market demand.
- b. There is adequate competition in the market, with various pan-India service providers as well as LSA specific service providers serving this niche market, through competitive and very high-SLA based offerings.
- c. The input factors for providing DLC i.e. last mile RoW, optics cost per Mbps, fibre laying, maintenance, network reach, capex etc. have changed over last decade, while optics cost per Mbps has come down however, cost of RoW, fibre laying and maintenance has gone up. These factors have been balancing out each other.
- d. Despite significant increase in certain input factors, the pricing of DLC has seen significant reduction as compared to the tariff ceilings prescribed by TRAI, due to prevalence of adequate competition and thriving market forces.
- e. Also, the entire market is not witnessing any major fluctuations in pricing or tariff disparities except some areas like hilly/remote or non-metro areas which may have higher tariffs (still substantially lower than ceilings) as compared to other areas but, that is squarely due to the higher costs of fibre laying, maintenance or last mile RoWs. These costs of input factors are not in the control of service providers.



- f. While the customer needs and available technologies are advancing and evolving, it is supported by adequate competition and prevalence of strong market forces.
- g. **Therefore, the question should not be about effectiveness of existing tariff framework for Domestic leased circuits but, about need of any regulatory intervention per se.**

2. Forbearance v/s Regulatory intervention

- a. We would like to highlight that VIL has been a strong proponent of forbearance for tariffs. Given the competition, the Service Providers closely monitor the market and the evolving needs of the different segments of society, and design the best suited tariffs.
- b. It is a sound principle that Regulatory intervention should only be resorted to, if the market is not able to take care of the interests of different stakeholders or if adequate competition is not present.
- c. If there is enough competition in the market, regulatory interventions may bring in inefficiencies and also end up distorting the balance of competitive forces in the market.

3. DLC tariffs do not require Regulatory Intervention

- a. The DLC related TTO Amendments have been prescribed by the Authority in 2014. The pre-consultation paper being generic, point towards that there is no specific representation or facts which cites any market failure or any need of regulatory intervention.
- b. The DLC market in India is experiencing growth, fueled by the expansion of data centers, cloud services, and the proliferation of digital applications and supported by competitive DLC prices from the service providers. Key sectors such as Hyperscalers, Cloud Providers, BFSI, IT/ITeS and E-commerce are significant consumers of DLC services, contributing to the overall market demand.
- c. Besides adequate growth and demand from the buyer side, the seller side (i.e. service providers) is also witnessing adequate competition with various pan-India service providers as well as LSA specific service providers.



- d. Unlike other segments where buyers may be retail consumers, in DLC segment, the buyers are mostly enterprises and possess a high degree of bargaining power in this market due to availability of number of service providers. The buyers generally resort to tender process citing their requirement and SLAs, and select a service provider offering them lowest pricing.
- e. The above-stated factors lead to balancing of DLC pricing with given SLAs and input factors, thereby ensuring a win-win proposition for all the players.
- f. Therefore, there is no reason as to why there should be any further regulatory intervention in the case of DLC tariffs. Through Explanatory Memorandum to TTO 36th Amendment 2005, it has been mentioned that:

"1.6. The Authority considers it appropriate to continue with the tariff regulation until such time that competition becomes adequate and effective in the DLC market."

Further, through Explanatory Memorandum to TTO 57th Amendment 2014, it has been mentioned that:

"80. The tariff regime, prescribed in this Amendment Order will be subject to review by the Authority after a period of three years. The Authority will closely monitor the implementation of the regime and, in particular, its impact on competition and consumer interests and may intervene, if necessary, in the interim period."

- g. **Considering all above, we strongly urge the Authority that there is no need to intervene in the DLC tariff framework and thus, no further consultation paper should be brought out in this regard.**

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