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Subject: Comments of PEERCAST TELECOM INDIA PVT LTD on Consultation Paper on Review of Tariff for Domestic Leased Circuits (DLCs)
Reference: TRAI Consultation Paper dated 23 January 2026

Dear Sir,

With reference to the above-mentioned Consultation Paper issued by TRAI on 23 January 2026 regarding the Review of Tariff for Domestic Leased Circuits (DLCs), we hereby submit the comments of Sri Vari Network Pvt Ltd for your kind consideration.

A detailed representation is enclosed herewith for your perusal. We trust that our submission will be taken on record.

Thanking you.

Yours sincerely,

Manochitra S
For Peercast Telecom India Pvt Ltd

Encl: Representation Letter

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Comments

Q1. What is expected to be the likely impact on competition and tariffs in the DLC sector, if the ISPs are permitted to provide DLCs in the future? Please provide your response with justification.

The domestic leased circuit (DLC) market in India is already competitive, stable, and well-functioning. Granting DLC permissions to Internet Service Providers (ISPs) is neither necessary nor justified to promote competition or improve pricing efficiency. Such a move could instead disturb the current market balance, weaken regulatory parity, and reduce investment incentives—without delivering any meaningful benefit to consumers.

The DLC market includes several pan-India access service providers, numerous National Long Distance (NLD) licensees, and multiple other operators, all competing actively for enterprise customers. The market has evolved and today, several Unified Licence (UL), UL (VNO) licensees, and National Long Distance Operators provide DLC services across India.

The presence of multiple operators ensures that no single operator dominates the market. Enterprises have access to multiple comparable service providers.

DLC prices are market-driven and determined through commercial negotiations based on bandwidth, network design, redundancy, and service level commitments. Over the years, prices have declined, while service quality, reliability, and technology—such as Ethernet over fibre and SD-WAN—have improved. This reflects effective competition.

Since pricing is competitively determined, there is no regulatory basis for imposing ceiling tariffs. Introducing price caps in a competitive market would distort commercial arrangements, create regulatory imbalance, and unnecessarily limit contractual flexibility, without evidence of consumer harm.

Q2. What is the likely impact of tariffs for DLC on the bandwidth charges (including the transmission costs) or any other costs incurred by ISP operators, especially for ISP B & C operators who do not have their own transmission infrastructure? Further, what are the specific elements of DLC tariff which can be addressed in the regulation to make it more relevant for ISP B & C business? Please provide your response with justification.

Same as response to Q1.

Q3. Should the MPLS-VPN DLCs be brought under the tariff regulation framework? Please provide your response with justification.

MPLS is no longer sold as a simple, standalone bandwidth service. It is now part of a complete enterprise network solution that includes SD-WAN, security systems, cloud connectivity, and managed services. These solutions are delivered end-to-end, with clear performance commitments, monitoring, cybersecurity, and ongoing support. Regulating only the MPLS portion would not reflect how modern networks are actually designed or priced. It would artificially separate one element from an integrated service and distort the overall commercial structure.

Enterprise connectivity solutions today are highly customized. They are built around specific service level agreements (SLAs), redundancy needs, and risk-sharing arrangements. Many enterprise networks use

dual MPLS paths, multiple last-mile technologies such as fibre and 4G/5G, and strict penalty clauses linked to uptime and security standards. A standard regulated tariff cannot properly account for customized network design, redundancy configurations, site-specific commitments, or the financial risks linked to performance guarantees. Standardization would reduce the flexibility required to build reliable, mission-critical networks. MPLS is only one component of a broader architecture, and the real value lies in the overall design, management, and service assurance—not in the MPLS link alone.

There is already effective competition in the market, which naturally keeps prices in check. Therefore, MPLS-VPN domestic leased circuits (DLCs) should continue under a forbearance regime, consistent with the approach followed by the Telecom Regulatory Authority of India (TRAI). TRAI has generally avoided upfront tariff regulation in competitive markets where prices are determined through negotiation and where there is no evidence of market failure. In fact, the TTO (57th Amendment), 2014 recognized that customized enterprise data services are best governed by market forces rather than fixed tariffs.

MPLS-VPN services are complex and tailored enterprise solutions. They include features such as traffic management, quality-of-service controls, redundancy, security, and cloud integration. Since each solution is designed differently, fixed tariff rules would not reflect the actual service provided. TRAI has also followed the principle of technology neutrality. MPLS is just one of several technologies used for enterprise connectivity, along with Ethernet VPN, IP-VPN, SD-WAN, and hybrid models. Regulating only MPLS would unfairly single out one technology and create distortions.

There is no evidence of market failure, abuse of dominance, or unfair pricing in MPLS-VPN services. Enterprises benefit from multiple competing service providers, negotiated pricing, and improving service quality. In such a situation, introducing tariff regulation would be unnecessary. Continued regulatory certainty is important to encourage investment in fibre networks, backbone infrastructure, and advanced enterprise solutions. Price controls could reduce investment and slow innovation.

In conclusion, MPLS-VPN based DLCs should remain under regulatory forbearance, in line with TRAI's past practice. Introducing technology-specific tariff regulation at this stage would be unnecessary, distort market choices, and potentially hinder long-term efficiency and innovation.

Q4. What are the key differences in cost structure and service delivery between traditional P2P-DLCs and MPLS-VPNs that should be reflected in tariff regulation? Please provide your response with justification.

The structural and cost differences between P2P-DLCs and MPLS-VPNs are fundamental and make common tariff treatment inappropriate. P2P-DLCs are classic, distance-based point-to-point transport circuits: cost and price track physical routes and dedicated bandwidth. MPLS-VPNs, by contrast, are overlay, multi-site networks built on a shared IP/MPLS core, priced on overall architecture—ports, traffic engineering, classes of service, resilience, monitoring and managed services—rather than kilometres and circuits.

Enterprises do not buy MPLS-VPNs as simple “lines”; they buy customised, SLA-driven network solutions with dual paths, multiple access technologies, stringent uptime and security commitments, and application-aware performance guarantees. Both P2P-DLC and MPLS-VPN are sourced through competitive tenders, with pricing shaped by bandwidth, topology, redundancy, SLAs, tenure and bundling, not merely by service label. A standard regulated tariff cannot sensibly capture these heterogeneous,

design-driven cost drivers, and applying legacy distance-based constructs to MPLS-VPN would misprice services that deliver very different intelligence and resilience.

At the same time, trying to hard-code separate tariff regimes for each architecture would require intrusive cost modelling and artificial service segmentation, and risks distorting competition between functionally substitutable enterprise solutions that often run over the same fibre. The more proportionate approach in a competitive, technology-neutral, contract-driven enterprise connectivity market is to maintain tariff forbearance for both P2P-DLC and MPLS-VPN. This preserves commercial flexibility, avoids regulatory distortions between comparable services, and supports ongoing investment and innovation in advanced enterprise networks.

Q5. What has been the impact of deployment of DWDM, SD-WAN and Ethernet over Fibre on provisioning of DLCs, in terms of operations, costs and tariffs? Should the regulation incorporate these technological changes in the ceiling tariff framework? Please provide your response with justification.

While technologies such as DWDM, SD-WAN, and Ethernet over Fibre have significantly modernized the technical architecture of domestic leased circuits (DLCs), they do not justify the imposition or revision of ceiling tariffs. On the contrary, these advancements strengthen the case for continued tariff forbearance.

DWDM and Ethernet over Fibre represent the natural evolution of backbone and access networks. They improve fibre efficiency, increase capacity, enhance resilience, and enable faster provisioning and scalable bandwidth. Although DWDM has improved per-bit transmission efficiency and Ethernet has replaced legacy TDM systems with more flexible packet-based transport, overall costs continue to depend on factors such as right-of-way constraints, fibre availability, redundancy requirements, and site-specific network design. These technologies are part of normal infrastructure upgrades and do not change the fundamental commercial principles of DLC pricing.

SD-WAN, meanwhile, is an overlay technology that operates above the underlying transport layer. It does not alter the physical cost structure of DWDM or Ethernet networks. Instead, it adds software-based intelligence for traffic prioritization, centralized control, application performance management, and enhanced security. In modern enterprise networks, value increasingly comes from software-driven performance, resilience design, and SLA commitments rather than from raw bandwidth alone. Pricing is therefore aligned with uptime, latency, architecture, and service assurance—not simply on a per-Mbps basis.

Traditional tariff frameworks, which treat bandwidth as the primary pricing metric, are no longer aligned with how enterprise connectivity services are designed and delivered. Given that DWDM and Ethernet are established transport technologies, SD-WAN is independent of physical tariff constructs, pricing is architecture- and SLA-driven, and enterprises have access to multiple substitutes including broadband and hybrid WAN models, recalibrating ceiling tariffs would be both reductive and administratively complex.

In a dynamic and competitive market characterized by customized solutions, a static regulatory ceiling cannot adequately reflect service diversity. Continued tariff forbearance remains the most appropriate and proportionate regulatory approach.

Q6. Are there any other technological changes apart from the ones mentioned in above paragraphs in provisioning of DLCs in India? If yes, what has been the impact of deployment of such technologies on provisioning of DLCs, in terms of operations, costs and tariffs? Should the regulation incorporate these technological changes in the ceiling tariff framework? Please provide your response with justification.

Beyond DWDM, SD-WAN and Ethernet over fibre, DLC provisioning in India has been transformed by NFV, deep cloud integration (public and private), advanced analytics-driven SLAs, and support for new high-bandwidth, low-latency applications.

These technologies have turned leased lines from simple transport circuits into intelligent, service-oriented solutions, with embedded virtual functions (firewalls, WAN optimisation, cloud interconnect), higher scalability and flexibility, and the ability to support mission-critical use cases such as smart manufacturing, edge, video surveillance and remote operations.

Operationally, networks are now heavily automated and orchestrated; economically, costs are increasingly driven by architecture and SLA commitments—software platforms, security layers, analytics and cloud gateways—rather than just raw transmission, so tariffs reflect integrated design and risk-sharing, not merely fibre and distance.

All of this has been achieved through competitive market dynamics, with operators innovating to meet enterprise needs without ex-ante tariff control.

In this context, folding such complex, differentiated offerings into a rigid tariff regime would misprice services and weaken investment and innovation; continued tariff forbearance is therefore the appropriate regulatory stance.

Q7. As an alternative to Q5 & Q6, should the Authority consider technology-neutral tariff models, focusing on bandwidth and service commitments rather than provisioning technologies? If yes, what should be the criteria for the same? Please provide your response with justification.

Tariffs for DLCs should continue under full forbearance across all capacities and technologies. There is no demonstrated market failure to justify either technology-specific or “technology-neutral” administered tariffs.

The 1999–2014 tariff regime was designed for a far less competitive market, when DLCs were often the only enterprise option. Today, multiple operators, infra providers and access technologies ensure strong competition and choice.

Enterprise connectivity is now customised and bid out competitively. Prices reflect bandwidth, location, redundancy, SLAs, tenure and bundling, and large users routinely run tenders or reverse auctions. Market forces already discipline tariffs.

Converged, solution-based architectures (SD-WAN, VPNs, cloud connects, 4G/5G, data-centre links) make rigid, bandwidth-only tariff models unworkable and potentially harmful to innovation and technology neutrality.

Bespoke SLAs, penalties, managed services and flexible constructs (burstable, elastic, pay-per-use) cannot be standardised without distorting commercial practice and limiting customer-specific design.

There is no evidence of abuse or excessive pricing, and heavy investment in fibre and advanced networks still needs stable, predictable tariff freedom.

The balanced approach is to retain forbearance for DLC and related enterprise services, rather than introduce new, technology-neutral tariff prescriptions that could distort a competitive, innovative market.

Q8. What are the various service commitments (such as bandwidth, SLA requirements such as uptime, latency, packet loss, response time etc.) bundled as part of managed DLC service, for both P2P & VPN based DLC? How are the service commitments offered as part of managed DLC services linked with the tariffs? Please provide your response with justification.

Managed DLC services—whether P2P or VPN-based—are highly customized enterprise solutions, not standard commodities.

P2P-DLCs provide dedicated end-to-end connectivity between two locations, with commitments on bandwidth, uptime, latency, packet loss, jitter, restoration times, redundancy, and monitoring, usually formalized in SLAs.

VPN-based DLCs, such as MPLS-VPN, support multi-site networks with per-site bandwidth, QoS, traffic prioritization, security features, managed CPE, monitoring, and flexible scaling. These services are more dynamic and application-aware.

Tariffs for both P2P and VPN DLCs are closely linked to SLA commitments. Factors such as bandwidth, uptime, latency/jitter thresholds, redundancy, MTTR, managed equipment, security, geographic complexity, and contract terms all influence pricing. Higher performance and resilience commitments increase costs, while moderate SLA solutions are priced lower.

Service commitments vary widely across customers depending on industry, application criticality, topology, risk tolerance, and cloud integration. For example, a bank may require ultra-low latency and strict MTTR, while a small enterprise may focus on cost efficiency.

Given this diversity and customization, standardizing tariffs is neither practical nor appropriate. Market-driven pricing under a forbearance framework ensures flexibility, innovation, and alignment with enterprise needs while supporting ongoing investment in high-quality digital infrastructure.

Q9. Should the proposed regulation include staggered tariffs in line with service commitments, possibly further staggered for different regions, for both VPN & P2P based DLC? If yes, what are the service commitments, mentioned as reply to Q8, which should be considered for tariff regulation?

Enterprise connectivity now underpins critical digital systems like cloud, data centres and digital transformation. To keep investing in fiber, resilient networks and managed services, providers need pricing freedom and stable regulation, not fixed “slab” tariffs by SLA or region, which would cut flexibility and dampen investment. Therefore, staggered tariffs based on service levels or geography for VPN or

P2P DLCs are neither needed nor suitable. The Authority should continue tariff forbearance for DLC services.

Q10. What reporting mechanisms should be mandated to ensure transparency in discounts and service bundling for DLCs? Please provide your response with justification.

No additional reporting is needed for DLC discounts or service bundles. India's DLC market is highly competitive, with multiple operators and alternative infrastructure, ensuring transparency through market forces. Providers already offer significant discounts based on bandwidth, location, volume, and contract terms, reflecting legitimate cost and network factors.

Pricing and bundling are negotiated directly with enterprise customers, who have strong bargaining power. Contracts already provide full transparency, making extra reporting unnecessary.

Mandating such reports would create unnecessary compliance burdens, divert resources from service delivery and investment, and risk limiting commercial flexibility. Market competition and informed enterprise decisions already ensure transparency and efficiency.

Q11. Should the Authority mandate standardized tariff disclosure formats for all DLC service providers? Please provide your response with justification.

TRAI should not introduce fixed, standard tariff disclosure formats for DLC providers. Doing so would weaken commercial confidentiality and negotiation flexibility, expose sensitive competitive information, add regulatory complexity without any proven market problem, distort healthy competition, and move away from the benefits of a forbearance-based regime.

Q12. Should TRAI use the same cost methodology i.e. BU-FAC for computing cost based ceiling tariffs for P2P DLCs as was used in 2014? Please provide your response with justification.

Using cost-based tariff ceilings from BU-FAC models could limit commercial flexibility, restrict differentiated SLAs, discourage investment in high-capacity or redundant infrastructure, and fail to account for regional cost differences or project-specific complexities.

Rebuilding a BU-FAC model would require extensive data, assumptions, and ongoing updates, and could quickly become outdated given rapid changes in packet-based and software-defined networks.

Given these technological shifts, evolving costs, and competitive market dynamics, the 2014 BU-FAC approach is unsuitable for setting P2P DLC ceilings today. Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q13. In case response to the above question is affirmative, what values of the following items should be used for estimation of ceiling tariffs for DLCs:

- (i) Return of Capital Employed (ROCE)
- (ii) Useful lives of transmission equipment and Optical Fibre Cable separately
- (iii) Average no. of fibre pairs lit in OFC in trunk segment and local lead segment separately

- (iv) **Utilization factor of OFC system in trunk segment and local lead segment separately**
- (v) **% of use for the transmission equipments used at local lead junction points and in trunk segment for DLCs**
- (vi) **If the repeaters are still being used in the trunk segment, what is the average distance between two repeater sites?**
- (vii) **What is the factor of use (no. of circuits in underlying OFC system) to be taken into consideration at local lead and trunk segment for computation of ceiling tariffs?**

Refer response to Q12.

Q14. As an alternative to the BU-FAC methodology, or in addition to it, should LRIC or any other methodology be considered for computing ceiling tariffs for P2P DLCs? Please support your view with detailed justification along with data and assumptions

Refer response to Q12.

Q15. What should the bandwidth capacities be, including the minimum and maximum bandwidth capacity, of P2P DLC for which ceiling tariffs need to be prescribed? In case of bandwidth capacities not regulated in the 2014 TTO, what should be the concomitant value of the relevant factors mentioned at Q13? Please provide your response with justification.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q16. Should the Authority consider the cost methodologies used in other countries for determining tariffs for P2P-DLCs? If so, which methodologies would be appropriate for the present exercise? Please provide your response with justification along with data and assumptions.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q17. Is there a need for prescribing separate ceiling tariffs for local lead and trunk segment? Should the Authority adopt different cost methodology for local lead and trunk segment for provisioning of DLCs? If yes, please provide your response with justification.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q18. Should the Authority adopt BU-FAC, LRIC or any other methodology for computing ceiling tariffs for VPN DLCs? Please support your view with a detailed justification along with data and assumptions.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q19. What should the bandwidth capacities, including the minimum and maximum bandwidth capacity, of VPN DLC for which ceiling tariffs need to be prescribed? Please provide your response with justification.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q20. Should the Authority consider the cost methodologies used in other countries for determining tariffs for VPN-DLCs? If so, which methodologies would be appropriate for the present exercise? Please provide your response with justification along with data and assumptions.

Tariff forbearance remains the appropriate approach, letting market forces set prices while supporting innovation, investment, and service differentiation.

Q21. Should the spectrum charges recommended for a point-to-point link of 28 MHz paired bandwidth in the 6 GHz(lower) band, be taken as reference for DLC ceiling tariff? If yes, what could be the approximate order of multiple between the backhaul link charges and DLC ceiling tariff? Should the reference be considered for local lead or trunk segment or on overall basis? Please provide your response with justification.

TRAI should follow a forbearance regime for DLC services, with tariffs set by competition and commercial negotiation between providers and enterprises. Linking tariff ceilings to spectrum-based references would skew competition, weaken investment incentives, and slow down service innovation.

Q22. Is the distance-based pricing, based on distance slabs contained in the 2014 TTO (57th Amendment), still relevant for prescribing ceiling tariffs for P2P DLCs? Should the Authority consider new distance slabs, separately for both the local lead and trunk segments, for prescribing ceiling tariffs for P2P DLC? Please provide your response with justification.

The distance-based pricing framework based on 2014 slabs is outdated and no longer suitable for setting ceiling tariffs for DLCs. P2P-DLCs should remain under a forbearance regime, as current market conditions, technological progress, and competitive dynamics make regulated ceilings unnecessary.

Maintaining forbearance will encourage investment, foster innovation, support service customization, and enable efficient resource use, while ensuring enterprise customers benefit from competitive pricing and better service quality. This approach aligns with light-touch regulation and reflects the growing maturity of India's telecom and enterprise connectivity markets.

Q23. Is there a need for prescribing separate ceiling tariffs for remote and hilly areas? What criteria should be used to define such regions? Please provide your response 59 with justification.

In high-cost or low-density areas, affordability is already being handled through market-driven steps like infra sharing, better technology, and efficiency gains, not special tariff caps. This gives TSPs enough flexibility to serve all regions while keeping tariffs broadly stable. Separate ceiling tariffs for remote or hilly areas are therefore not needed. A uniform forbearance regime for DLCs nationwide is the most efficient, transparent and investment-friendly way to ensure fair access to DLC services.

Q24. How can the Authority ensure affordability in low-competition areas, such as remote and hilly areas, without distorting market incentives? Please provide your response with justification.

Ensuring DLCs remain affordable in low-competition areas is important, but regulation should not undermine investment, innovation, or service quality. Differentiated tariffs or special rules would add complexity, reduce transparency, and risk slowing new investment.

Affordability and upgrades, including in remote regions, should continue to be driven by competition and commercial incentives. A nationwide forbearance regime best supports fair, non-discriminatory access, consistent service, and regulatory certainty, avoiding extra rules that offer little real benefit to customers.

Q25. Are there any other relevant issues related to revision of tariff framework for DLCs which the Authority should keep in mind, while carrying out the present review exercise, to further the broad objectives as espoused in this Consultation Paper? Please provide full details and justification for consideration of the same.

No other issues.