

RJIL/TRAI/2025-26/724

2nd March 2026

To,

Shri D Manoj,
Principal 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 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 TRAI's **Consultation Paper on Review of Tariff for Domestic Leased Circuits (DLCs)** dated 23.01.2026.

Thanking you,

Yours Sincerely,

For **Reliance Jio Infocomm Limited**

KAPOOR SINGH
GULIANI

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Enclosure: As above

**Reliance Jio Infocomm Limited's comments on TRAI's Consultation Paper on
"Review of Tariff for Domestic Leased Circuits" dated 23rd January 2026**

Preface:

1. Reliance Jio Infocomm Limited (RJIL) thanks the Authority for giving us an opportunity to offer inputs on the important consultation paper on "**Review of Tariff for Domestic Leased Circuits**" in order to finalize the tariff regulations for Domestic Leased Circuits (DLC) services.
2. At the very outset, we submit that we have already submitted our detailed comments on the pre-consultation on this subject vide letter no. RJIL/TRAI/2025-26/424 dated 19th May 2025 and the same should be treated as part and parcel of these comments.

Evolution of Domestic Leased Circuits (DLCs) market in India

3. The Authority has aptly traced the evolution of the DLC, a two-way leased circuit link for the exclusive use of a customer, across the years in the country. A careful analysis of the evolution of services as well as the regulatory regime indicates that the growth of this segment of the enterprise communication services is directly linked to policy liberalization and gradual migration away from tariff controls. Over the years, the Authority has facilitated the growth of these services by prescribing only a ceiling tariff and letting the market forces discover actual tariffs in a competitive manner.
4. The DLCs services, over the years, have matured and have imbibed many technology innovations like SD-WAN (Software-Defined Wide Area Network), Dense Wavelength Division Multiplexing (DWDM) and Ethernet over Fibre to meet the diverse customer requirements. The VPN technology has been included to deliver efficiencies of public networks while delivering the security of private networks.
5. The market tariffs have also evolved to mostly flat tariffs. The current tariff structures are essentially based on the bandwidth requirements as the distance-based charging has become irrelevant due to IP networks. Other factors that are factored into the market tariffs, are the changes and cost required for the last mile connectivity media, CPE, and managed services component, depending upon customer choice of the solution.
6. Thus, overall, the current DLC tariffs comprise of composite negotiated offers and the service level agreement (SLA) based pricing that is generally much below the presently prescribed ceiling. The tariffs on offer are mostly all inclusive in nature where the customer gets a composite price for connectivity, customer end devices (CPE) etc.

7. DLC services have become the backbone for not only the telecommunication services sector but also a host of knowledge-based industries and Global Capability Centers (GCCs) in India.
8. The 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.**
9. It is worthwhile to mention here that despite much technology integration, there is no known instance of market failure in the DLC market, thus, it is perplexing to understand the rationale behind this consultation paper that seeks to go way beyond the current policy of ceiling tariff and proposes to make tariff regulations for various aspects of this service. The variations proposed are technology based, capacity based and region and topology based, which are not only irrelevant but can have a stifling effect on the growth of DLC services in the country.
10. We find no justification for any tariff intervention in DLC segment by the Authority. We submit that when the market forces are working efficiently, and the time is opportune to either continue with prevailing ceiling or migrate to policy of tariff Forbearance.

Forbearance

11. 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.
12. Thus, it is important that any changes in the tariff regulations do not alter the basic tenets of Forbearance and the benefits of Forbearance are extended to sections where it is currently not available. Consequently, we submit that the policy of Forbearance should be applicable for DLC tariff also and in any case, there should be no change in ceiling tariff for DLC under the TTO.

DLC Tariff Structure

13. Historically, the DLC market comprised of Point to Point (P2P) connectivity, and the market demand has been stable, however, lately, new demand is emerging for connectivity to Data Centres for replication and GCCs etc., which would help the future growth of DLCs. However, the primary driver and determinant of this connectivity is the bandwidth as the distance-based charging has lost relevance with advent of IP based networks. Thus, the tariff structures are now dependent only on the bandwidth, as the TSPs are offering services mostly over IP network backbone. The customers are offered a solution which involves connectivity to multiple locations with multiple connectivity options with bandwidth-based charging.
14. Another factor affecting the costing of DLC connectivity is the availability of Local Loop / NLD connectivity leading to lack of last mile connectivity at some location. However, this is only a corner-case, and such scenarios are experienced exceptionally and can affect the CAPEX requirements leading to a deviation from standard tariff. However, more or less the charging is dependent on bandwidth only.
15. We submit that with the availability of Digital services across the country there are no clear supply side constraints in provisioning of the DLC services. Further, the TRAI has itself noted that there are a large number of players in the DLC market viz. 71 operators for NLDs (16 NLDOs through Standalone NLD license, 38 NLDOs through UL-NLD license & 17 NLDOs through UL-NLD-VNO license) and multiple ASPs under UL and UL-VNO licenses. Evidently there is adequate competition for DLC market and in such a scenario Tariff Forbearance is the optimum policy as this permit free play of competitive forces.

Role of Internet Service Providers (ISPs) in offering DLC

16. While we understand that draft Authorization Rules by Department of Telecommunications (DoT) have included DLC in scope of service for ISPs, we reiterate our position that DLC is not an ISP service and this change is unwarranted. Nevertheless, we submit that this modification will not have any material impact as the ISPs that want to offer this service can currently also offer the same post acquiring the NLD authorization as there are no entry barriers in NLD.
17. Further, instead of delving on reducing the bandwidth costs for the B and C category ISPs, the Authority has a bigger role in ensuring that the Right of Way (ROW) costs are reduced overall and Bharat Net connectivity is extended to these areas so that the digital backbone of the country is strengthened for all type of providers and users.

18. In addition we submit that the Authority can reduce the input costs for all DLC service providers by providing a fiscal incentive in the form of treating the charges paid for DLC connectivity to other TSPs as 'pass through' charges that will be deducted at the time of calculating Adjusted Gross Revenue.

Relevance of Global Practices

19. We submit global tariff practices have relevance when the service is at a nascent stage, or a new service is being introduced. However, for a mature service, the Authority needs to check whether the markets are operating and optimal level and/or whether there is any market failure before deciding to intervene. Which is clearly not the case in DLC segment.

20. Further, it is submitted that instead of referring to 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 and others. 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 and we should improve the same by ushering in Forbearance.

21. Conclusions

- 1. There is no need to intervene in the DLC tariffs at present.**
- 2. The policy of Forbearance should be implemented in DLC tariffs.**
- 3. In case Forbearance is not implementable, then the current ceiling tariff regime for DLC should be continued without any changes.**
- 4. There is no need to introduce technology and region based tariff ceilings.**
- 5. The regulatory framework should continue to be supportive of integrating new technologies in a seamless manner.**
- 6. The policy of Forbearance should remain the primary approach for all associated services or new type of connectivity requirements under the DLC framework.**

Questions wise 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.

RJIL Response:

1. At the outset, we submit that the provision of domestic leased circuits should not be permitted under Internet services, as this service falls under the scope of access services and long-distance services and any entity seeking to offer this service should avail appropriate service authorisation. We submit that there are no entry barriers and even currently the ISPs desirous of offering DLC services, they do so post acquiring the NLD authorization.
2. Without prejudice to our submission that there is no need to permit ISPs to offer DLCs in future, we submit that there will be no impact on tariffs because of this new competition, even if ISPs are permitted. Moreover, customers are also deploying technologies like SDWAN over Internet links as an alternative, back up to DLCs , so ISP segment is already participating in the segment hence there will be no impact on tariffs.
3. The Authority has already noted in its consultation that the DLC tariffs are generally much lower than the ceiling tariffs and are based on mutual agreement between the service provider and the customer. Thus, new entrants can hardly affect already low tariffs. Further, the presumed new entrants are also hardly new entrants as ISPs with NLD authorization are already in the DLC market, so the assumption on increase in competition is also unlikely to mature.
4. **Furthermore, the Authority is aware that the fixed line services are cost intensive, and any tariff reductions will require massive investments by the new entrants, in this context it seems unlikely that massive investments will be made only with an ISP license.**

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.

RJIL Response:

1. The tariffs on the product do not change the underlying input costs, thus, lower tariff ceiling on a product like DLC will not have any impact on the bandwidth charges for the ISP B & C operators.
2. It is important to bear in mind that reduction in ceiling tariff of a product that is already being offered at much lower rates than the tariff ceiling, would not impact the tariffs. In fact, if the ceiling tariff is reduced too much, it can have the adverse impact of reduction in investments to develop more capacities and would eventually lead to no bandwidth being available for such operators.
3. Furthermore, the connection of lowering the costs for only ISP B & C operators to meet the growing demand of the Global Capability Centers (GCCs) in India, seems a fallacious assumption. We do not see a use case, where a GCC sets up its operations and then looks for capacities, it is the other way around on the ground. The GCCs set-up where there are already abundant capacities or the capacities are built for them as they set up operations. Thus, any tariff intervention will not lead to new infrastructure creation, rather ISP B & C riding the existing infrastructure only.
4. We submit that instead of intervening in tariffs, the Authority should instead focus on the lowering the input costs overall by actively interceding to lower the Right of Way (ROW) costs and to permit pass through deductions for DLC connectivity to achieve this objective. This will lower the costs for everyone and will serve the objective far more efficiently. Another useful intervention can be in ensuring that the Bharat Net connectivity is made available in remote locations so that service providers can leverage the same to enhance the service offerings in these areas.

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

RJIL Response:

1. No, MPLS-VPN DLCs should not be brought under the tariff regulations. This is a market innovation that not only secures the network connection but also optimizes the resources by using the shared network. This is in fact a cost-effective option for the enterprise connectivity and is being offered basis agreed SLAs. Thus, it should be kept out of the purview of tariff ceiling.
2. In any case, the tariff interventions should not happen in vacuum and should be backed by some recorded and verifiable instances of market failure, which is non-existent in this case. Thus, we reiterate that entire segment of B2B connectivity

services should be brought under Forbearance by abolishing the existing DLC ceiling tariffs.

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.

RJIL Response:

1. The Authority has aptly captured the network architecture in delivering the P2P DLCs and MPLS-VPN DLCs. The reduced number of links and the use of public networks VPN-DLC is without doubt reflected in the negotiated cost structures. As mentioned before, the service delivery in B2B segment is based on agreed SLAs.
2. We thank the Authority for capturing the essence of these innovations in the CP by noting that

“...The service providers are offering DLCs through hybrid models that combine P2P and VPN features, providing bundled services with SLAs to meet specific enterprise requirements and optimize the cost-performance ratio.”

3. Evidently, the market is working in an efficient manner, and any cost reductions are reflected in applicable tariffs. Therefore, there is no need of tariff regulations in a segment that already uses all available resources to optimize the cost performance ratio.

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.

and

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.

RJIL Response:

1. In no exception to the general technology migration dividends, the new technologies like DWDM, SD-WAN, and Ethernet over Fibre have increased the efficiencies by enabling much higher bandwidths and virtualization, delivered cost optimization by reducing operational overhead better efficiency over same physical fiber resources.
2. The Authority has correctly noted that these new technologies are being rapidly adopted by the service providers for delivering DLCs. The Consultation paper has already captured the distinct features & advantages of these technologies, and we are not repeating the same for the sake of brevity. We submit that these technologies are being leveraged in all possible combinations to deliver the specific and diverse connectivity needs of the customers. We thank the Authority for acknowledging the same in following para.

*“...Service providers select the most appropriate solution based on specific customer requirements, ensuring optimal performance, scalability, and cost-efficiency. Service Providers are also charging tariffs based on burstable bandwidth requirements. In this case, they are offering flexible bandwidth allocation based on demand. **Enterprise customers can scale their connectivity during peak hours without committing to higher fixed tariffs. it has been gathered that currently, many DLCs are being provided or supported through MPLS networks as well as through SD-WAN, Ethernet on Fibre, DWDM, etc. Besides, most customers look for managed service partners instead of only network providers...**”*

3. The above para of the consultation paper demonstrates that the DLC or business connectivity market is agile, competitive, price efficient and all new technologies are being aptly adopted without increasing the tariffs. Thus, clearly there is no need to incorporate these technological changes in the ceiling tariff framework. In fact, as submitted before, the ceiling tariff framework should be abolished and instead the Authority should opt for Forbearance.

Q7: As an alternative to Q5 & Q6, should the Authority consider technology-neutral tariff models, focussing 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.

RJIL Response:

We reiterate that there is no need for any tariff regulations for DLC services. Notwithstanding the same, if at all required, the tariff framework should be

technology neutral. We submit that in market where the licenses are technology neutral, any attempt to go for technology specific tariffs will be a retrograde step towards over-regulation and micro-regulation and should be avoided at any cost.

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.

RJIL Response:

1. The SLAs are generally built around the availability of dedicated bandwidth, minimal downtime and almost perfect uptime requirements, very low latency, and aspects of managed services. However, as mentioned before and noted by the Authority, these are based on mutual arrangements between the service provider and the customer, and we do not see any connection between the SLA parameters and ceiling tariffs.
2. It is pertinent to mention here that the mere framing of this question indicates an affinity towards extreme micro-regulations. Building in SLA parameters in ceiling tariff would be an attempt to regulate an efficient independent system. Such attempts more likely than not lead to market distortions and negative fallouts for customers. Thus, such proposal should be dropped and not contemplated to placate some vested interests.
3. We are constrained to mention here that the import of the evolution and growth and DLC market and tariff regulations in this segment is that liberalization, followed by indicative ceiling tariffs, which led to the market participation and growth that eventually led to a situation where the Authority is recognizing this as a 'matured market'. Thus, to even discuss SLA based tariffs seems antithetical to all the regulatory achievements of the past and would be completely counter-productive.

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?

RJIL Response:

No, in view of the previous responses there is no need of a tariff ceiling at the first place and inclusion of staggered tariffs in line with service commitments, possibly further staggered for different regions, for both VPN & P2P based DLC will be a self-contradictory and counter-productive step.

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

RJIL Response:

In B2B markets, the transparency is ensured through SLAs between the service provider and the customer. Further, as every service offering is exclusively designed to meet the specific customers' requirements there is no need to bring this transparency to other users. Therefore, we do not support the proposal of reporting mechanisms to ensure transparency in discounts and service bundling for DLCs, as these discounts and service bundling cannot be on a "One size fit all" model.

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

RJIL Response:

In view of the previous discussion and the fact that there is no possibility of a "One size fit all" approach in provisioning of DLCs, we submit that there is no need for tariff disclosure formats.

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

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?

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

RJIL Response:

We do not believe that there is any need for any cost analysis for tariff regulations for DLC. We reiterate our submission that the DLC tariffs should be moved to Forbearance and if at all the tariff ceiling is required, then current ceiling should be continued with.

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.

RJIL Response:

Not applicable in view of the previous response.

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.

And

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.

RJIL Response:

We reiterate our submission that more than looking at global practices of DLC tariffing, we should look at the Indian success story, which has come through light

touch regulatory regime and near Forbearance tariff ceiling. The near Forbearance tariff regime has enabled the market evolution, where new technologies have been seamlessly integrated and the customer has wide array of choices, with simple bandwidth linked tariffs. We reiterate that the tariff structures in India are already complying to global best practices and trends and we should improve the same by ushering in Forbearance.

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.

RJIL Response:

No, in view of the previous response.

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.

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.

RJIL Response:

We reiterate our submission that there is no need for any cost analysis for tariff regulations for DLC. We reiterate our submission that the DLC tariffs should be moved to Forbearance and if at all the tariff ceiling is required, then current ceiling should be continued with.

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.

RJIL Response:

We reiterate our submission that there is no need for any cost analysis for tariff regulations for DLC. We reiterate our submission that the DLC tariffs should be moved to Forbearance and if at all the tariff ceiling is required, then current ceiling should be continued with. In any case, if TRAI recommendations are accepted by DOT for link by link charging for MWB spectrum (instead of percentage of AGR), such cases would get appropriately considered under the new regime, without requiring any additional intervention by TRAI. Thus, we request TRAI to follow policy of Forbearance.

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.

RJIL Response:

1. No, as mentioned in previous submissions, the distance based tariffs have lost relevance post the advent of all IP networks and currently bandwidth is the primary variable in tariff negotiations, a fact that has also been recognized in the consultation paper. Therefore, there is no need to consider new distance slabs, separately for both the local lead and trunk segments, for prescribing ceiling tariffs for P2P DLC.
2. We reiterate our submission that the DLC tariffs should be moved to Forbearance and if at all the tariff ceiling is required, then current ceiling should be continued with.

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 with justification.

RJIL Response:

1. No, there is no need for a separate ceiling for remote and hilly areas. We submit that connectivity and investments will always follow the business case. However, to reduce the costs in such areas, the Authority should instead focus on reducing the input costs by leveraging its considerable influence and resources in delivering the connectivity to these regions through Bharat Net.

2. The Authority should also work with various state Governments and agencies to bring in substantial reduction in ROW costs to enable the reasonably priced DLC services in remote and hilly areas.

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.

RJIL Response:

At the outset, we submit that there is no case of unaffordable DLC in low competition areas. The low competition is generally an outcome of low demand. As mentioned before, the connectivity and investments will always follow the business case. Nevertheless, the Authority can replicate its suggested actions regarding cost reduction in these areas as well.

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.

RJIL Response: No comments