

DoT issues Draft Authorisation Rules under the Telecommunications Act, 2023 – A new paradigm for Telecom Services

11 September 2025

On 5 September 2025, the Department of Telecommunications (DoT) issued the Draft Telecommunication (Authorisation for Provision of Main Telecommunication Services) Rules, 2025 (Draft Rules) under the Telecommunications Act, 2023.

Following up on the [recommendations provided by the Telecom Regulatory Authority of India \(TRAI\) in September 2024](#), the Draft Rules seek to consolidate various licenses and service authorisations under a single authorisation framework. While the prevailing Unified License (UL) framework follows a similar approach, the differentiating element here is the form of the license/ authorisation. As opposed to a voluminous license agreement (which is a contract between DoT and licensee), the 'authorisation' will be a single-page document granted by DoT, incorporating by reference the provisions of the relevant rules (once notified). In terms of the overall structure, the Draft Rules have been built upon the UL format, which lays down a set of general conditions (applicable to all types of authorisation holders) followed by service-specific terms and conditions. However, unlike the present framework, network service operators (NSO) and virtual network operators (VNO) will be governed under a common set of terms and conditions (while providing exemptions as may be relevant in the context of different provisions).

For the time being, the Draft Rules have been released for public consultation and are open for comments till 4 October 2025 – after which the Draft Rules will be taken into consideration by the Government.

Notably, the present Draft Rules apply specifically to authorisations for the provision of 'main' telecom services, viz. access services, internet services and long-distance services. Separate rules are expected in due course for other categories such as 'miscellaneous' services (covering machine to machine services, enterprise communication/ cloud EPABX services, etc.), captive services as well as network service authorisations covering digital communications infrastructure provider, cloud telephony network providers, internet exchange points, etc.

Key takeaways from the general conditions

As far the 'general conditions' under the Draft Rules are concerned, there is a substantial degree of commonality with the UL framework in terms of the technical, operational, financial, commercial and security conditions that have been prescribed. An attempt has been made to classify and arrange the topics in a reader-friendly manner, define terms (e.g., 'core telecommunication network', 'control', 'peering', etc.) that were previously left open to interpretation, and accord updated and simplified definitions to other terms (e.g., 'internet', 'leased circuit', 'point of presence', etc.). Some of the key takeaways are as under:

- (a) Restrictions on nexus with 'prohibited investors': Under the Draft Rules, an applicant cannot have a direct or indirect investment from or be under the control of '*prohibited investors*' i.e., entities debarred by the Securities and Exchange Board of India, operators whose licences have been cancelled for default and their controllers, any class of persons notified by the Government on national security or foreign policy grounds, etc. This condition presents an additional barrier to entry and applications are likely to invite scrupulous scrutiny to this effect.
- (b) Notification regarding change in shareholding and ownership/ control: As part of the reporting and disclosure requirements under the Draft Rules, requirements have been introduced to notify change in shareholding and ownership/ control to the DoT within 15 days from the date of such change. Under

the current framework, disclosure was required only for changes in foreign shareholding. This reporting requirement brings clarity in terms of the compliance steps to be taken vis-à-vis DoT in case of merger and acquisitions. However, the absence of a threshold means all changes may potentially need to be reported, irrespective of the overall impact.

- (c) Streamlined definition of 'gross revenue': In contrast to the present regime (which provides distinct definition against each service authorisation), the Draft Rules propose to use a common definition of 'gross revenue'. 'Gross revenue' will form the foundation for the calculation of the annual 'authorisation fees' to be paid to DoT, as 'applicable gross revenue and in turn 'adjusted gross revenue' will be computed on this basis. A common definition may prove to be instrumental in untangling more than a two-decade old dispute between DoT and licensees. However, express clarity on terms like 'accrued' and 'operations other than telecom activities or operations' remains outstanding, indicating that the debate may continue to simmer in times to come.
- (d) Localization of information and data: The Draft Rules prescribe a host of provisions requiring storage of different types of information in India. All data and information associated with telecommunication networks, accounting information relating to users (except for international roaming and billing) and user information (except for IPLC users and international roamers) must be housed in India. Similar requirements exist in the current licensing framework as well, but its inclusion in the Draft Rules moulds this into a statutory requirement for all types of authorisation holders, including VNOs.
- (e) Sharing of LIM/ LIS facilities: Lawful interception and monitoring (LIM) facilities and lawful interception system (LIS) is now permitted to be shared between authorised entities, with prior approval from DoT. These measures build upon the previous recommendations of Telecom Regulatory Authority of India (TRAI) and will aid in reducing capital expenditure and prevent duplication of infrastructure.
- (f) Possibility of exemptions and relaxation: The Draft Rules now recognise that not every operator will provide all services under a particular authorisation. In such cases, entities can apply for seeking exemptions from certain obligations that are not relevant to their business. This targeted flexibility is an important ease-of-doing-business measure, particularly for players that target a limited set of subscribers (like enterprise customers), and it helps in ensuring that compliance remains proportionate.
- (g) Clearer conditions for enrolment of 'business users': While the present regime specifies conditions for providing 'business connections', such conditions are centric to mobile and fixed connections. The Draft Rules seek to harmonize the process of providing services to 'business users' across all types of services, including leased circuit, internet leased lines and internet telephony, which will bring a significant degree of clarity for operators.

Impact on various stakeholder groups

- **Submarine Cables and CLS**: The Draft Rules pave the way for entities authorised under the 'long distance service' authorisation to establish cable landing stations (CLS), where submarine cables connect to domestic networks; CLS-points of presence, which extend capacity inland and stub-cables. This, of course, will be subject to relevant government approval, security clearance and compliance with general conditions (including lawful interception and remote access obligations). Operators must segregate domestic and international traffic and provide equal and non-discriminatory access. The DoT may also require participation in repair consortia, ensuring capacity is available for the timely restoration of submarine cables in Indian waters. Notably, DoT seems to have permitted entities to transit international traffic (which is not meant to be terminated on telecom networks in India) to other submarine cables through terrestrial as well as submarine cable links.
- **Cloud service providers**: While further clarity is likely to emerge when specific rules for 'network authorisations' will be released, it has been clarified that an authorised entity obtaining services from a cloud hosted telecom network provider should ensure that system of telecom networks is located anywhere in India only.
- **Satellite Services**: With increasing impetus on satellite-based telecom services (particularly using non-terrestrial and GMPCS networks), the Draft Rules have comprehensively covered this domain. Among other conditions relating to eligibility and operation of networks, operators must commence rollout within 12 months of spectrum allocation, subject to testing. In addition, at least 20 per cent of satellite ground-segment equipment must be sourced domestically within five years. These obligations are intended to accelerate rollout and promote local manufacturing, while altering procurement strategies for operators reliant on foreign equipment.
- **Internet telephony and CPaaS providers**: A major takeaway from the Draft Rules is that internet telephony may now be provided over both mobile and fixed networks. This expands the scope of internet telephony, allowing authorised Communication Platform as a Service (CPaaS) providers in particular to extend services to fixed line users as well.
- **Internet service and SD-WAN providers**: Internet Service Providers (ISPs) are now expressly authorised to provide domestic leased circuits. Under the current licensing framework, this service could only be

offered by National Long-Distance operators, leaving ISPs unable to participate directly in this segment. However, considering that the restriction on interconnection of leased circuits with internet still subsists, it will be interesting to see how this restriction interplays with the expansion in scope particularly for players in the software defined wide area network (SD-WAN) market. Further, the definition of 'limited internet telephony' continues to allude to PC-to-PC communication and may potentially lead to regulation of 'over-the-top' service providers later given the overlap with this definition (as also noted by TRAI on previous occasions).

Fillip to VNOs

A collective reading of the Draft Rules suggests that the Government is keen to provide a boost to the VNO sector, which has perhaps not proliferated to its full potential thus far in the access services and long-distance services domain. In this regard, the Draft Rules seek to remove fetters placed on VNOs under the present framework from entering into arrangements with multiple NSOs in case of all access services or services that need numbering and unique identity of the customer, which will essentially cover both wireline and wireless services. Now, in line with TRAI's previous recommendations, VNOs can enter into agreements with more than one parent NSO for all types of telecom services, except wireless access services. This is a welcome move as it allows VNOs providing wireline access services to enter into arrangements with multiple NSOs and to address quality of service and other commercial issues.

Comments

The Draft Rules reshape the terms on which telecom services will be regulated in India. While there are commonalities with the existing regime, several aspects that were earlier unaddressed have been touched upon. That said, there are certain unanswered questions as highlighted above, which will hopefully be addressed in due course. Stakeholders should avail the consultation process to agitate pain points and help in bridging the gaps.

- Harsh Walia (Partner); Abhinav Chandan (Partner); Shobhit Chandra (Counsel) and Vanshika Lal (Associate)



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