

India's telecom reform:

DoT releases draft authorisation for Telecommunication Network Rules, 2025

30 October 2025

On 9 October 2025, the Department of Telecommunications (DoT) released the draft Telecommunications (Authorisation for Telecommunication Network) Rules, 2025 (Draft Rules) for public consultation. The public consultation window is open till 9 November 2025. The Draft Rules are in the series of draft rules being released under the Telecommunications Act 2023 (Telecom Act), which is slated to reform the current telecom regime encapsulated under the Indian Telegraph Act, 1885 and the Wireless Telegraphy Act, 2006.

While the Draft Rules largely retain the general conditions prescribed under the previous draft authorisation rules dealing with '[main telecom services](#)', '[miscellaneous telecom services](#)' and '[captive telecom services](#)', they introduce various anticipated provisions following from the recommendations of the Telecom Regulatory Authority of India (TRAI) in the sections dedicated to different types of '*telecommunication networks*'.

Although the Draft Rules are comprehensive, our key takeaways are as follows:

1. **IP-1 and DCIP Authorisations:**

Under the Draft Rules, the current Infrastructure Provider Category-1 (IP-1) registration has now been subsumed under the authorisation framework and is no longer a standalone registration. In addition to this transition, a new category, viz., the Digital Connectivity Infrastructure Provider (DCIP), has been introduced. Both IP-1 and DCIP authorisations are exempt from authorisation fee obligations.

DCIP authorisation has been introduced for the first time which marks a pivotal regulatory development. In 2023, TRAI via *Recommendations on Introduction of Digital Connectivity Infrastructure Provider (DCIP) Authorization under Unified License (UL)* (Recommendations) had recommended for the creation of a distinct new category of infrastructure provider with an expanded scope that from IP-1. IP-1s are only permitted to establish *passive infrastructure* such as towers, dark fibre, ducts, and right-of-way. However, modern network deployments increasingly rely on virtualised and software-defined components including wireline access networks, radio access networks (RAN), Wi-Fi systems, transmission links, and in-building solution which currently fall outside IP-1 registration's scope. TRAI, therefore, proposed the DCIP authorisation to enable neutral third-party to establish and share both passive and *specified* active infrastructure (excluding core network and spectrum) on a fair, transparent, and non-discriminatory basis. This broader framework is designed to promote infrastructure sharing, avoid duplication of capex, and support faster, cost-efficient roll-out of next-generation digital connectivity networks in India.

Further, in line with TRAI's April 2024 recommendations on *Telecommunication Infrastructure Sharing*, the DCIP authorisation allows entities to establish and share both passive and select active digital infrastructure including radio access network, in-building solution, and wireless local area network without holding spectrum or operating 'core networks'. A DCIP cannot provide bandwidth or telecom services and is not a full-fledged telecom service provider (TSP). However, it may deploy last-mile transmission infrastructure, though it cannot offer capacity or connectivity directly. However, the Draft Rules do not clarify whether *In-building Solution* (IBS) expressly includes establishment of *active Distributed Antenna Systems* (DAS) on multi-sharing basis or not. In metro and retail sites, TSPs are

increasingly seeking one-stop IBS solutions, reinforcing the need for regulatory clarity on shared IBS and DAS deployment models.

The move addresses a long-standing industry need for neutral-host and active-sharing models, as operators grapple with rising 5G rollout costs, densification requirements, and limited in-building connectivity.

2. **Prohibition of IRU Arrangements:**

Another notable shift in the Draft Rules is the explicit prohibition on Indefeasible Right of Use (IRU) arrangements for both IP-1 and DCIP authorisation holders. Historically, IRU arrangements have enabled long-term leasing of dark fibre or network assets, effectively transferring control without direct licensing oversight.

In its Recommendations, TRAI had observed that TSPs frequently request IP-1s to develop customised infrastructure, which is then transferred under IRU agreements that contractually prevent the IP-1 from offering the same assets to competitors. TRAI noted that such arrangements defeat the purpose of creating common, sharable digital infrastructure by allowing one operator to benefit from the zero-licence-fee regime while restricting access to others. To discourage this practice, TRAI recommended an explicit bar on DCIP authorisation holders entering into IRU-based asset transfers and proposed that a similar restriction be extended to IP-1 registrants.

As a result, players will now need to rely on short-term, service-based sharing models rather than asset-transfer mechanisms. While this approach enhances transparency, ensures non-exclusive access, and preserves regulatory control, it may also reduce financing flexibility and dampen long-term investment appetite in digital infrastructure projects, particularly those requiring capital-intensive fibre or in-building deployments.

3. **Introduction of IXP authorisation:**

The Draft Rules introduce a dedicated **Internet Exchange Point (IXP) authorisation**, resolving long-standing uncertainty over whether IXPs require licensing. Historically, the DoT has pushed entities to obtain the **Internet Service Provider (ISP) license under the Unified License to provide such services**, creating friction and litigation over their regulatory status. The Draft Rules adopt a **light-touch approach**, which strikes a balance between oversight and flexibility bringing IXPs under the telecom regulatory umbrella without imposing the heavy compliance burden of a full-fledged ISP licence. The IXP authorisation will also facilitate entities to peer and exchange internet traffic (originated and destined within India) between ISPs, and content delivery networks (CDN) located in India. An IXP authorisation holder will additionally be able to interconnect its IXP with other IXPs in India.

4. **Introduction of CTN authorisation:**

The Draft Rules introduce a new Cloud-Hosted Telecom Network (CTN) provider authorisation, bringing virtualized telecom network functions (software, virtual routers, scalable network topologies) under the telecom regulatory framework. At present, cloud elements underpinning telecom networks fall in a regulatory flux as they are many compliances and obligations that are relevant for conventional telecom networks are not relevant for cloud networks. CTN as a service (CTNaaS) providers can provide physical infrastructure, dedicated equipment, virtual machines and telecom network functionality to other authorised entities. The contours of these terms will better emerge once the rules are set into motion, however it seems that the intention is to keep the scope rather fluid to encompass multifarious network deployment possibilities. Such CTNaaS providers must adhere to fair, non-discriminatory access, localisation requirements, and transparency obligations, while they will not be required to bear the full compliance burden of traditional network operators.

5. **SESG and MNP operators:**

In addition to the above, the Draft Rules also specify provisions for '*satellite earth station gateway*' (SESG) and '*mobile number portability*' (MNP) operators. The scope of SESG provider authorisation covers establishing, operating, maintaining, or expanding SESG for such satellite systems which are authorised by the Department of Space or IN-SPACe in the prescribed manner. MNP operators can provide MNP as a service to other authorised entities in its zonal areas.

Comments

The Draft Rules seek to operationalise TRAI's recommendations, aligning regulatory oversight with the evolving structure of the telecom industry. As artificial intelligence and cloud technologies increasingly depend on robust connectivity, the government appears intent on strengthening the regulatory foundation.

While the Draft Rules introduce long-awaited authorisations such as DCIP, they also signal a firmer regulatory posture such as the prohibition on IRU arrangements under both IP-1 and DCIP. Additionally, clarity is also awaited on whether IBS under the new framework expressly includes DAS for both IP-1 and DCIP entities, or whether it will remain limited to the current non-active small cell deployments permitted for IP-1s.

Overall, the draft regime reflects a shift towards unbundling of different layers in the delivery of telecom services, which has been a long-standing proposition of TRAI. With the Draft Rules clarifying business scope for various authorisations (such as DCIP, IXP, etc.), the framework is expected to attract new entrants. However, it will have to be seen how the Draft Rules are ultimately implemented post stakeholder consultation.

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