

License to Authorisation: DoT Operationalises and Opens up the Principal Service Authorisation Rules for Applications

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Introduction

On 24 June 2026, the Department of Telecommunications (DoT) notified and operationalised the much-awaited Telecommunications (Authorisation for Provision of Principal Telecommunication Services) Rules, 2026 (Rules), which forms the backbone of the core commercial telecom services in India. The Rules have been substantially revised from the erstwhile draft main service authorisation framework (Draft Rules) which was released in September 2025 for stakeholder comments (please see [here](#) for our update on the Draft Rules).

The Rules present a comprehensive authorisation framework under the Telecommunications Act, 2023 (Telecom Act) to govern five categories of '*principal*' (formerly known as "main") telecom services: unified service, access service, wireline access service, internet service and long distance service authorisation (LDSA). Depending on the category, an eligibility entity may apply as a Network Service Operator (NSO) or a Virtual Network Operator (VNO).

This update summarises the material changes from the Draft Rules and their implications for existing telecom operators, new entrants, VNOs, long distance service providers, etc.

Key Takeaways

1. **Authorisation architecture:** The Rules rename 'main' telecom services as 'principal' telecom services. This terminological shift appears to be more than just cosmetic, possibly positioning the underlying core telecom service categories as the principal pillar of DoT's new authorisation architecture, alongside the other service authorisation categories such as miscellaneous and captive services. An eligible company may seek one or more authorisations, subject to the applicable service area, financial and cross-holding conditions.
2. **Introduction of Wireline Access Services:** Although the Draft Rules referred to wireline access authorisation in the VNO framework, the final Rules expressly recognise it as a standalone category of service authorisation available exclusively to VNOs. Its scope includes wireline voice and non-voice services, internet and internet telephony, intra-circle long distance calls etc. This introduction creates a dedicated market entry pathway for entities seeking to offer fixed-line broadband or wireline voice services without the capital expenditure and compliance burden of full access service authorisation.
3. **Reporting and Disclosure Obligations:** The Draft Rules prescribed for intimation by the authorised entity to DoT, of changes in its shareholding. The final Rules, importantly, specify the threshold for such reporting, namely: (a) changes in the entity's shareholding arising from acquisition and, (b) in case of listed entities, shareholding changes which meet the applicable disclosure requirements under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011. This provides greater specificity and calibration on when shareholding changes are required to be reported to DoT. Separately, the Rules also introduce a new insolvency-linked reporting obligation. Where an application for initiation of corporate insolvency resolution process is admitted against a new authorised entity under the Insolvency and Bankruptcy Code 2016, the authorised entity is required to

inform the Central Government within 48 hours and provide a copy of the relevant National Company Law Tribunal order.

4. Changes in eligibility conditions and increased regulatory discretion: The final Rules retain the minimum paid-up equity and net-worth thresholds in the Draft Rules, but omit the prohibited-investor disqualification, reducing barriers for new investors and simplifying due-diligence for M&A transactions. They instead require the general character of the applicant's management to be "sound", based on its track record of responsibly providing telecom service, which could potentially result in barriers to new entrants and add a layer of regulatory discretion for assessing eligibility. Discretionary powers of the government also includes exempting any applicant from compliance with any condition, if it is satisfied that it is necessary to do so in the public interest. An explicit requirement of 'no outstanding dues' has also been newly incorporated, with a carve out requiring the applicant to comply with court-imposed restrictions and payment of an undertaking.
5. Structural changes in VNO framework: The final Rules replace the service-by-service parent NSO matching matrix introduced in the Draft Rules with a framework which allows a VNO to contract with one or more parent NSOs, provided the parent can support the relevant services and both are authorised for the relevant area. Only wireless access services are restricted to a single parent NSO. A VNO may establish and operate its own network, except systems used to interconnect or peer with other NSOs. final Rules also prescribe automatic renewal provisions and immediate notification of any change to the authorisation status of either party. A VNO whose authorisation is suspended / revoked must also offer its subscribers a free migration option to its parent NSO's plan. In essence, while there is greater flexibility for VNO structures, the NSO-VNO arrangements may need to be freshly reviewed to incorporate the contractual provisions.
6. Expanded scope of data localisation: In addition to the data localisation requirement under the Draft Rules to store telecom network-related data and information to be stored in India, the final Rules go a step further, mandating that such data must not only remain in India, but also cannot be routed, shared or made available outside India, including through copies. This could significantly impact operators that rely on global cloud infrastructure, or work with foreign vendors for support services. For instance, an overseas network operations centre may not be able to access telecom network data even for troubleshooting purposes, including through copies such as offshore backups. Entities will accordingly need to ring fence their global infrastructure and support arrangements for India.
7. Comprehensive requirements for monitoring and interception: The final Rules retain extensive lawful interception and monitoring (LIM) obligations and expressly require the relevant technical measures to support separate compliance for each State or Union Territory within a multi-State service area. Access, internet and international long-distance providers, and specified gateway operators are required to establish LIM facilities. Exemptions may be sought on a case-specific basis where the user base is below a prescribed threshold or an internet gateway receives upstream bandwidth from only one authorised provider. Entities are required to self-audit before launch and make the systems available for demonstration within 15 days after commencement, failing which they may face immediate suspension until deficiencies are rectified.
8. Submarine cable systems: As noted in the Draft Rules, the final Rules continue to recognise the cable landing system (CLS) point of presence (PoP) framework and allow authorised entities to establish submarine line terminal equipment (SLTE) at a CLS-PoP, which has been a long standing industry demand. Notably, the final Rules remove the requirement specified in the Draft Rules which proposed to mandate CLS owners to provide equal and non-discriminatory access to landing facilities to other authorised long distance service authorisation (LDSA) providers, however this should be read in conjunction with the general conditions for non-discrimination in the Rules and the applicable Telecom Regulatory Authority of India (TRAI) regulations and directions in this regard.
9. GMPCS: The final Rules have removed explicit references to Global Mobile Personal Communications by Satellite (GMPCS), as contained in the Draft Rules. However, they permit unified, access, internet and long-distance services to be provided through satellite networks, and access services may be delivered to user terminals accessing mobile satellite service. Establishing or using a satellite network remains subject to permission from government and other routing, security and rollout conditions. The change mostly reflects a change in regulatory architecture and terminology, rather than an exclusion of satellite-based services.

Comments

The notification of the final Rules marks a watershed moment in the telecom regulatory sector – replacing decades of licensing regime by introducing a more comprehensive authorisation framework. However, a significant volume of operational detail is still awaited. Existing licensees should evaluate their business models, including commercial and operational case for migration against continuing under their licences until they expire. New entrants should determine the appropriate authorisation based on their business plan, the NSO / VNO structure, assess eligibility requirements, and build localisation, remote-access and lawful-interception compliance into their operating model. Important implementation detail awaits further clarity and remains dependent on further specifications, including the ‘sound’ track-record criterion, exemption thresholds and technical directions. Early decisions are therefore likely to shape market-entry practice under the new regime.

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