

**No.: 212/TRAI/2025-26/ACTO**

**Dated: 7<sup>h</sup> November, 2025**

**Shri Vijay Kumar**

Advisor (Financial & Economic Analysis)  
Telecom Regulatory Authority of India  
Tower F, NBCC World Trade Centre,  
Nauroji Nagar,  
New Delhi-110029

Ref: **ACTO's Response to TRAI's Draft Reporting System on Accounting Separation (Amendment) Regulations, 2025**

Dear Sir,

With reference to the *Draft Reporting System on Accounting Separation (Amendment) Regulations, 2025* issued by Hon'ble Authority, Association of Competitive Telecom Operators (ACTO), is pleased to provide our comments.

We hope that our comments (enclosed as Annexure – I) will merit consideration of the Hon'ble Authority.

Thanking you,  
Respectfully submitted

Yours sincerely,  
for **Association of Competitive Telecom Operators**

**Director**

Encl: As above

## **Annexure-I**

### **ACTO's Response on TRAI's Draft Reporting System on Accounting Separation (Amendment) Regulations, 2025**

The Association of Competitive Telecom Operators (ACTO) appreciates TRAI for bringing the Draft Reporting System on Accounting Separation (Amendment) Regulations, 2025 dated 16<sup>th</sup> October 2025 for public consultation. However, our members have some concerns on the proposed amendments to the Accounting Separation Regulations (ASR) with potential adverse impact on the service providers, especially arising from the proposed introduction of enhanced financial disincentives. We also believe that these changes could impose undue burdens without yielding significant regulatory benefits. It is in contrary to the Government of India's broader reform initiatives aimed at reducing compliance costs, simplifying regulations and moderating penal exposure.

On behalf of our members our brief comments are given below:

#### **A. Relevance of the ASR Framework:**

1. The current ASR framework, initially designed to support cost-based regulation like Interconnection Usage Charges (IUC), has become less relevant with the transition to the Bill and Keep regime and the convergence of voice and data over IP networks.
2. The objectives of transparency and financial reliability are already achieved through existing mechanisms and statutory submissions, such as:
  - Audited Financial Statements under the Companies Act, 2013.
  - Audited AGR Statements submitted to the Department of Telecommunications (DoT) and TRAI for license fee and SUC computations.
3. Service providers are also subject to the Companies (Cost Records and Audit) Rules, 2014, and telecom-specific Cost Audit Annexures, which require detailed service-wise costing reports. These requirements lead to unnecessary duplication and increased compliance costs.
4. ACTO believes that maintaining separate ASR reports would impose an additional cost burden on service providers due to duplication of efforts and expenses, without yielding commensurate regulatory benefits. Thus, ACTO suggests that TRAI could rely on these existing audited statements for analytical purposes, eliminating the need for separate ASR submissions.

#### **B. Impact of Proposed Amendments:**

1. The proposed turnover-linked financial disincentive under 6(2) is seen as arbitrary and excessive. Linking penalties to total turnover rather than the severity or frequency of violations disproportionately penalizes service providers. For minor or inadvertent errors, severe fiscal penalties would be punitive and inconsistent with principles of proportionality and fairness.
2. The draft amendment lacks supporting data or justification for the proposed escalation of financial disincentives. Further, there is no evidence of recurring non-compliance or an assessment of how increased penalties would improve reporting quality.
3. We also express concerns regarding the imposition of interest on delayed payments as outlined in TRAI's draft Paragraph 6 (3).

- Firstly, interest should not be levied as it constitutes a financial disincentive, which could unfairly penalize service providers. It may kindly be emphasized that providers have the right to seek remedies concerning the quantum of payment, and the continuous accrual of interest on non-payment could undermine their efforts to resolve disputes or discrepancies.
- Additionally, there may be legitimate reasons for a delay in payment by a few days, and the provision to treat a part of a month as a full month for interest calculation purposes exacerbates the financial burden. The proposed approach could lead to interest demands for minor delays that are disproportionate to the actual interest accrued. Therefore, it is suggested that if interest is to be charged, it should be calculated based on the actual number of days of delay, and only transition to a monthly basis after a full month has lapsed.

### **C. ACTO's Recommendations:**

1. **Discontinue ASR Submissions:** ACTO recommends discontinuing the requirement for ASR submissions and relying on existing audited financial and AGR statements.
2. **Avoid Turnover-Linked Penalties:** We urge TRAI to refrain from introducing or enforcing any turnover-linked financial disincentive mechanism.
3. **Levy of interest on delayed payment:** We request TRAI not to levy interest on delayed payment. In case TRAI decides to levy interest, it should be calculated based on the actual number of days of delay. It should be only transition to a monthly basis after a full month has elapsed.
4. **Voluntary Data Collection:** If data collection is deemed necessary, it should be sought on a voluntary or best-effort basis without punitive consequences.
5. **Align with Government Reforms:** Ensure the framework that aligns with the Government's reform agenda under the Jan Vishwas Bill and the Telecommunication Act, 2023, focusing on simplification, proportionality, and predictability.
6. **Support for Licensees:** The complexity of ASR regulations may pose challenges for licensees like us. We request TRAI to allow sufficient time for rectifying non-compliance, if any, with at least four weeks' notice.

### **ACTO's Suggestions:**

ACTO appreciates the opportunity to provide feedback and hopes that TRAI will consider these recommendations to foster a more balanced and equitable regulatory environment.

ACTO supports TRAI's goals of transparent and reliable reporting. However, in today's converged ecosystem, those goals can be met efficiently by relying on existing audited filings and by minimizing duplicative compliance requirements in alignment with the Government's reform agenda.

XXXXXXXXXXXXXX