



RJIL/TRAI/2025-26/618

7th November 2025

To,

Shri Vijay Kumar,
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 Draft 'The Reporting System on Accounting Separation (Amendment) Regulations, 2025'.

Dear Sir,

Please find enclosed the comments of Reliance Jio Infocomm Limited (RJIL) on the TRAI's **Draft 'The Reporting System on Accounting Separation (Amendment) Regulations, 2025'** dated 16.10.2025.

Thanking you,

Yours Sincerely,
For **Reliance Jio Infocomm Limited**

Kapoor Singh Guliani
Authorized Signatory

Enclosure: As above

Reliance Jio Infocomm Limited (RJIL) Comments on TRAI's Draft Reporting System on Accounting Separation (Amendment) Regulations, 2025

A. Preliminary Observation

1. At the outset, we respectfully submit that while the Government of India is advancing comprehensive reforms through initiatives such as the *Jan Vishwas (Amendment of Provisions) Bill, 2023* and its proposed *Jan Vishwas Bill 2.0*—aimed at decriminalisation, simplification, and rationalisation of licensing and compliance frameworks—TRAI's current proposal to enhance financial disincentives under the *Accounting Separation Regulations (ASR)* runs contrary to this reformist direction.
2. The proposed amendments impose disproportionate financial liabilities and revive a compliance mechanism for ASR whose underlying purpose has, over time, lost regulatory relevance.

B. Purpose and Relevance of Accounting Separation

3. The Accounting Separation Report (ASR) framework was originally introduced to facilitate the collection of segmented financial data for regulatory and analytical purposes—primarily to assist TRAI in cost-based determination of *Interconnection Usage Charges (IUC)* and related regulatory assessments.
4. However, with the evolution of the sector and the shift to the Bill and Keep regime for IUC, the fundamental rationale for ASR submissions has become redundant. The requirement for maintaining and auditing ASR data no longer serves any core regulatory purpose.
5. Further, Voice and data can no longer be considered as separate product as these ride on data over IP networks. The old product silos and separate pricing that once justified separate accounting have faded. Given this significantly changed technical and market reality, ASR in its current form has limited usefulness and does not meaningfully advance regulatory goals.
6. Hence, continuation of ASR obligations and the imposition of enhanced penalties thereunder serve no meaningful public or regulatory interest.

C. Availability of Alternative Sources of Verified Financial Information

7. The objectives that ASR sought to achieve—namely, access to reliable and segmented financial data—are already met through the following:

- **Audited Annual Financial Statements** prepared under the Companies Act, 2013; and
 - **Audited Adjusted Gross Revenue (AGR) Statements** submitted to the Department of Telecommunications (DoT) as well as TRAI for the purpose of computing License Fee and Spectrum Usage Charges (SUC).
8. These reports are subject to statutory audit and verification processes and therefore provide sufficient transparency and reliability for any financial or compliance assessment by TRAI or DoT.
9. It is further submitted that the telecom sector is already subject to Companies (Cost Records and Audit) Rules, 2014, read with the telecommunication industry-specific Cost Audit Annexures prescribed under the said Rules, which mandate preparation and filing of detailed costing reports service-wise. The TRAI Accounting Separation Regulations, 2016 also require preparation of segment-wise cost accounting statements. Hence, the Cost Records & Audit Rules and the ASR are essentially same costing reports derived from the same underlying books of account. In view of the mandatory filing of cost statements under the Companies (Cost Records and Audit) Rules applicable to telecom services, TRAI may rely on such reports prepared under Companies (Cost record and Audit) Rules, 2014 for its regulatory purpose. The requirement to prepare separate ASR in parallel to submission of Companies (Cost Records and Audit) Rules, 2014, without regulatory necessity are leading to duplication of cost statements, increase compliance burden.
10. Accordingly, it is submitted that TRAI should discontinue the requirement for separate ASR submissions and, where required, rely on these audited reports for analytical purposes.

D. Legal and Jurisdictional Concerns

11. **Lack of License-Based Mandate:** The *Unified Licence* does not envisage or mandate the submission of audited Accounting Separation Reports. Clause 9.1 of the Unified Licence merely provides that the Licensee shall furnish such information “as may be required” by the Licensor or TRAI *in accordance with rules or orders as may be prescribed*. This power must be exercised reasonably and only in relation to information that has a direct nexus with the assessment of levies or compliance under the licence.
12. **Information of Non-Fiscal Nature:** Data sought purely for statistical or analytical purposes, having no linkage to the payment of Government levies such as LF or SUC, should be treated as technical/operational information and furnished on a *best-effort* basis only.

13. **Absence of Power to Impose Financial Disincentives:** The *Telecom Regulatory Authority of India Act, 1997* does **not** confer upon TRAI any power to impose monetary penalties, fines, or “financial disincentives” by whatsoever name called. The Authority’s powers under Sections 11 and 36 are confined to issuing regulations, directions, and orders necessary for the discharge of its functions; they do not extend to creating pecuniary liabilities. Hence, the proposed provision for a financial disincentive up to **1% of annual turnover** is *ultra vires* the TRAI Act and therefore unsustainable in law.

E. Disproportionate and Arbitrary Penalties

14. Even assuming (without admitting) that TRAI possesses the power to impose such disincentives, the proposed penalty structure—linking monetary liability to a percentage of annual turnover—is arbitrary, excessive, and grossly disproportionate to the nature of the alleged contravention.
15. Errors in ASR filings, whether inadvertent or minor, should not attract such severe fiscal consequences. Presently, even under statutory regimes governing taxation, licence fee, or SUC, penalties are proportionate to the actual default or financial impact, not to turnover.
16. The proposed 1% of turnover disincentive would therefore be punitive, unjustified, and open to challenge as a manifestly arbitrary exercise of power under Article 14 of the Constitution.

F. Risk of Litigation and Regulatory Uncertainty

17. Such provisions will inevitably lead to **prolonged industry litigation**, diverting attention and resources from network development and service improvement, without yielding any commensurate regulatory benefit. This would contradict the Government’s broader policy objective of reducing compliance burdens and fostering ease of doing business in the telecom sector.
18. It is pertinent to note that here that the Authority in its recommendations on ‘Ease of Doing Telecom Business’ dated 30th November 2017, while discussing the need for imposing graded penalties with respect to Unified License provision of maximum penalty of Rs. 50 Crores has referred to matrix suggested by TRAI in 2013 and had recommended to link the penalties to severity of incident and recurrence of violation. The recommendation is reproduced herein below for ready reference.

In view of the above, the Authority recommends that DoT should devise a suitable matrix, linking the penalty to the severity of the incident and recurrence of the violation for imposition of financial penalties.

19. Evidently, the Authority itself had been linking the penalties to severity of non-compliance and recurrence of non-compliance and the proposal to link the financial disincentives for errors in reporting to turnover of the entities seems completely irrelevant and irrational. It should be borne in mind that disproportionate increase in financial disincentives is in violation of Government's vision on Ease of Doing Business as it increases the regulatory risk and consequently the costs for even the entities that remain compliant with requirements on all times.

G. Lack of Transparency in draft amendment

20. Transparency is a key regulatory principle espoused by the Authority and as per the TRAI Act, the Authority is required to ensure transparency while exercising its powers and discharging its functions. However, the draft amendment fails the test of transparency, as it fails to tabulate why this change is warranted and how the increase in Financial Disincentives will lead to better compliance. Neither any data is provided on the number of violations and action taken by the Authority to address the same, nor any justification is provided on how the change in FDs will improve compliance. Thus, evidently, the draft amendment is not transparent and consequently legally untenable.

H. Recommendations

21. In view of the above submissions, it is respectfully recommended that TRAI should:

- I. **Discontinue the requirement for submission of ASR** and rely on audited financial statements and AGR certificates for analytical and statistical assessments.
- II. **Refrain from introducing or enforcing any financial disincentive mechanism** under the ASR framework, particularly those linked to turnover.
- III. If statistical data is still deemed necessary, **it may be collected on a voluntary or best-effort basis** without any financial or punitive consequences.
- IV. Align the regulatory framework with the spirit of the *Jan Vishwas Bill* and the *Telecommunication Act, 2023*, focusing on simplification, proportionality, and regulatory certainty.

I. Conclusion

22. In conclusion, the proposed amendments to the *Accounting Separation Regulations* are unnecessary, legally unsustainable, and contrary to the Government's ongoing reform agenda. TRAI is therefore requested to withdraw the proposed financial disincentive provisions and initiate a review of the continued relevance of the ASR framework itself.