RSM/COAI/ 24
10th February, 2012

The Telecom Regulatory Authority of India
Mahanagar Doosanchar Bhawan
Jawahar Lal Nehru Marg (Old Minto Road)
Next to Zakir Hussain College
New Delhi – 110 002


Dear Sir/Madam,

This is with reference to the Draft “The Reporting System on Accounting Separation Regulations, 2012” issued on 16th January 2012.

In this regard, please find enclosed COAI submission on the same.

We hope that our submission will merit your kind consideration.

Sincerely yours,

Rajan S. Mathews
Director General

Distribution : Dr. J.S. Sarma, Chairman, TRAI
 : Shri R. Ashok, Member, TRAI
 : Shri R. K Arnold, Member, TRAI
 : Shri Rajeev Agrawal, Secretary, TRAI
 : Shri N. Parameswaran, Pr. Advisor (RE), TRAI
 : Shri Lav Gupta, Pr. Advisor (I&FN), and TRAI
 : Shri Sudhir Gupta, Pr. Advisor (MS), TRAI
 : Smt Anuradha Mitra, Pr. Advisor (FA & IFA), TRAI
Accounting Separation Regulation, 2012 (ASR)

Telecom Regulatory Authority of India (Authority) had issued the “The Reporting System on Accounting Separation Regulation, 2004” on February 23, 2004 mandating the submission of audited accounting Separation reports from service providers having an aggregate turnover of rupees twenty five (25) crore or more during preceding financial year. These reports provide useful information on revenues, costs, returns and capital employed in major areas of service provider’s business which enables the authority to address anti competitive behavior, discrimination and predatory pricing concerns and to facilitate fair competition.

I. Overview of changes proposed under Draft ASR, 2012

- Turnover criteria increased to Rs.100 Crores from Rs.25 Crores;
- Products Redefined;
- Re-Categorization of Network Elements;
- Format for Audit Report Defined;
- Linked Excel File Submission Made Mandatory; and
- New Reporting Format

The above changes are discussed in details below

A. Turnover criteria increased to Rs. 100 Crores from Rs. 25 Crores-

The ASR would be applicable to those service providers whose aggregate turnover during the immediately preceding financial year from operations under all telecom (license(s) issued to them under Section 4 of the Indian Telegraph Act 1885, is Rs. 100 Crores or more, so that undue burden is not placed on small service providers with small turnovers.

B. Product Re-definition

Technology, innovation and consumer demand have driven far reaching changes in the last decade in the type of services and products provided. To capture these changes, the classification of services and products has been revised as follows.

<table>
<thead>
<tr>
<th>Earlier Grouping</th>
<th>Revised Grouping</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Rental</td>
<td>(a) Rental / Activation/One time fees</td>
</tr>
<tr>
<td>(b) Airtime</td>
<td>(b) Calls</td>
</tr>
<tr>
<td></td>
<td>(i) Voice</td>
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<tr>
<td></td>
<td>(a) Off-net (b) On-net</td>
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<td></td>
<td>(ii) Video</td>
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<tr>
<td></td>
<td>(a) Off-net (b) On-net</td>
</tr>
<tr>
<td>(c) Roaming</td>
<td>(c) Messages:</td>
</tr>
<tr>
<td></td>
<td>(i) Short Messaging Service</td>
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<tr>
<td>(d) SMS</td>
<td>(ii) Multimedia Messaging Service</td>
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<td>--------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>(e) GPRS</td>
<td>(d) Value Added Services</td>
</tr>
<tr>
<td>(f) Others</td>
<td>(e) Roaming:</td>
</tr>
<tr>
<td></td>
<td>(i) National</td>
</tr>
<tr>
<td></td>
<td>(ii) International</td>
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<tr>
<td></td>
<td>(f) Data</td>
</tr>
<tr>
<td></td>
<td>(i) 2G services</td>
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<tr>
<td></td>
<td>(ii) 3G services</td>
</tr>
<tr>
<td></td>
<td>(g) Leased Circuit</td>
</tr>
<tr>
<td></td>
<td>(h) Wholesale (Interconnection):</td>
</tr>
<tr>
<td></td>
<td>(i) Termination Voice Call</td>
</tr>
<tr>
<td></td>
<td>(ii) Termination Video Call</td>
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<tr>
<td></td>
<td>(iii) Termination SMS / MMS</td>
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<tr>
<td></td>
<td>(iv) Port Charges including Co-Location</td>
</tr>
<tr>
<td></td>
<td>(v) Transit Carriage Charges</td>
</tr>
<tr>
<td></td>
<td>(vi) Others</td>
</tr>
</tbody>
</table>

C. **Network Elements Re-categorisation**

Technology, innovation and consumer demand have driven far reaching changes in the last decade in the type of services and products provided. To capture also the changes in technology and mode of delivery, the classification of network elements that underlie these services has also been revised, and the revised classification is in Schedule II of these Regulations.

<table>
<thead>
<tr>
<th>Earlier Grouping</th>
<th>Revised Grouping</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Radio Network</td>
<td>a) CORE NETWORK:</td>
</tr>
<tr>
<td></td>
<td>(i) Mobile services Switching Centre (MSC)/ (GMSC)</td>
</tr>
<tr>
<td></td>
<td>(ii) MSC-Server/ Virtual MSC</td>
</tr>
<tr>
<td></td>
<td>(iii) Media Gateway (MGW) / GMGW</td>
</tr>
<tr>
<td></td>
<td>(iv) Visitor location register (VLR)</td>
</tr>
<tr>
<td></td>
<td>(v) Serving GPRS Support Node (SGSN) / (GGSN)</td>
</tr>
<tr>
<td></td>
<td>(vi) EIR (Equipment Identity Register) / HLR</td>
</tr>
<tr>
<td></td>
<td>(vii) Others</td>
</tr>
<tr>
<td>(b) Rest of Network</td>
<td>(b) RADIO ACCESS NETWORK:</td>
</tr>
<tr>
<td></td>
<td>(i) Node B (RAN-Radio Access Network)</td>
</tr>
<tr>
<td></td>
<td>(ii) BTS (Base Transceiver Station)</td>
</tr>
<tr>
<td></td>
<td>(iii) RNC (Radio Network Controller)</td>
</tr>
<tr>
<td></td>
<td>(iv) BSC (Base Station Controller)</td>
</tr>
<tr>
<td>(c) Dedicated Network</td>
<td>(c) TRANSMISSION MEDIA / EQUIPMENTS</td>
</tr>
<tr>
<td></td>
<td>(i) Transmission Media Between the Network Element i.e. OFC/Cable/Microwave</td>
</tr>
<tr>
<td></td>
<td>(ii) Transmission equipments</td>
</tr>
<tr>
<td></td>
<td>d) OTHER NETWORK ELEMENTS:</td>
</tr>
<tr>
<td></td>
<td>(i) SMSC (Short Message Service Centre)</td>
</tr>
<tr>
<td>/MMS/C / HSS</td>
<td></td>
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<tr>
<td>------------------</td>
<td></td>
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<tr>
<td>(iv) Application servers for Value added service</td>
<td></td>
</tr>
<tr>
<td>(v) NMS (Network Management System) / Billing servers</td>
<td></td>
</tr>
<tr>
<td>(vii) IUC servers/ ICB Server (Interconnect Billing Server)</td>
<td></td>
</tr>
<tr>
<td>(viii) IN Servers</td>
<td></td>
</tr>
<tr>
<td>(ix) LIS (Lawful Interception Server)</td>
<td></td>
</tr>
<tr>
<td>(x) Facilitation for MNP</td>
<td></td>
</tr>
</tbody>
</table>

D. **Format for Audit Report Defined**

The existing auditing requirements for the ASR continue. Further, in order to achieve comprehensiveness and maintain uniformity in the auditing of ASR of different service provided by auditors, a standardized certificate has been prescribed through which the auditor would express his opinion on the ASR.

E. **Linked Excel File Submission Made Mandatory**

To reduce regulatory burden on service providers, avoid delay and provide flexibility in compilation and analysis of ASR data, efforts have also been made by TRAI to bring in system of online submission. The revised classifications for services/products and network elements laid down in Schedule I and II respectively of these Regulations, and the revised formats laid down in Schedule III of these Regulations may still pose a challenge due to non uniformity of product and cost allocation in the submission of information.

F. **New Reporting Format**

Modifications have been made in the formats with the objective of reducing duplication, removing redundancy of information achieving greater transparency in disclosure, without disturbing the integrity of the prescribed system of cost allocation. The number of formats to be submitted have been reduced and rationalized by merging some of the formats prescribed in 2004 Regulations:-

- Pro forma A and C have been merged into one format- (Proforma B- Profit and Loss Statement- Product)
- Old Pro forma B is now modified as Pro forma A (Profit and Loss Statement- Service)
- Pro forma D,E and F have been merged into one format- (Pro forma C- Cost Sheet- Network Elements)
- Reconciliation of P&L Account (Pro forma J) and Capital Employed (Pro forma K) with the annual audited accounts will now be done at company level covering all services in the single format- (Pro forma I- Reconciliation Statement)
II. **Key Suggestions to be considered for review of Accounting Separation Regulation**

The suggestions which need to be considered are segregated under the following heads:-

- Definitions
- Manual
- Reports
- Audit
- Other considerations
- Considerations related to Schedule I/II/III

The above are discussed below in detail:-

A. **Definitions**

(i) **Related Party:**

The statement of 'related party transactions' needs more clarity keeping in mind various service licenses and transactions between them especially in the areas of cost of infrastructure sharing and revenue from infrastructure sharing of group and non group companies

(ii) **Definition of VAS**

The draft regulations introduce data services (2G & 3G) as distinct services under Schedule I. However, we note that the definition of value-added services (VAS) has not been updated to reflect this.

VAS is defined as services "which are offered to add value to the core services, the core services being voice calls, voice or non voice message and facsimile transmission" [Reg 2(xxix)]. This clearly includes data-based services as core services include only voice, SMS, MMS and faxes. Consequently, there needs to be clarity regarding the distinction between what is to be included as data revenue & services and what should be considered VAS.

B. **Manuals**

The Authority has proposed that a Manual containing policies, principles, methodologies and procedures for accounting and cost allocation shall be filled within one month from the date of commencement of these regulations.
It is pertinent here to note the following:

- Manuals are in the nature of Notes to Accounts forming part of a financial statement which cannot be prepared before preparation of the actual financial documents.
- A company during the year undergoes many changes, sometimes for change in regulation or change in the business methodologies etc. The auditor has to certify the manual as per Schedule IV therefore these cannot be recorded in advance.
- Such structural changes sometimes do have a significant bearing on the accounting and reporting.
- It is not possible to decide the accounting and allocation methodology in advance in case of new streams of businesses coming up during the year.

There has never been a precedence wherein the Notes to Accounts or the policies basis which the financial statements have been prepared are published/filed with any authority before the actual financial statement. It is only when the statements are audited & complete, that the policies with respect to it gets disclosed.

If the underlying intention is to get apprised of the accounting policies of the company in general, it is pertinent to note that companies are anyways required to follow section 211 of The Companies Act 1956 which are standard rules and regulations for preparation of accounts. In such situations, submission of manual even before the actual report and its subsequent fillings for changes, if any, (within one month of such change) will only lead to complexities with versions starting from the first one (which is one month from date of regulation) to the audited version (post audit-within 6 months of the end of the relevant financial year).

Alternatively, the authority should define the standard methodology, principles and policies of manual for accounting and cost allocation and require the Company to report on deviations and impact; also, in specific circumstances, which are not covered under standard manual it should require separate disclosure with impact in the ASR.

C. Reports

(i) Financial reports

Proforma A

- Financing Charges cannot be allocated by Circle or guideline for allocation to be provided;
- Capital Employed can be determined only at Company level or a detailed guideline required to compute capital employed for circles
- Applicability of Mobile Number Portability (MNP) as separate service to GSM Operators? (Other than Clearing House)
Proforma C – [Should be removed- Network elements are not necessary]

The largest scope for consolidation is the removal of the new Proforma C. We note that this rationalises three old proforma, but the purpose of the sheet – to allocate costs to specific network elements – will not assist the ASR Regulations meet its stated purpose. Further, network elements can be deleted from all other Proforma (e.g., the bottom of Proforma D, allocations of departments to elements), and the ASR manual and regulations.

If the Authority does not remove Proforma C, we respectfully request the Authority state how Proforma C assists in populating the six-cell matrix above, or specifically how it can be used in the, assessment of anticompetitive behaviour.

The draft (page 6, section 4. (a) iii suggests that costs will be allocated to network elements and then allocated to products. However, this additional step is not necessary, even if allocations of costs to specific products were useful (this is discussed separately below). Moreover, here is an additional problem with requesting information by both product and network element – it can lead to confusion, double counting or undercounting, or other inconsistencies.

Proforma D

- Basis of allocation Support Function Cost to Network and Products
- Guidance/Basis required on allocation of Corporate Cost to Circles and then to Support Function

Proforma E [Suggest Simplified Format]

| Stylized Proforma E: Statement of Gross Bock, Depreciation and Net Block – Service |
|---------------------------------|---------|---------|---------|-----------|
|                                | Plant   | and     | Computers | Vehicles | Office Equipment |
| Network Elements                | Machinery |         |           |           |                   |
| 1                               | 100     |         |           |           |                   |
| 2                               | 125     |         |           |           |                   |
| 3                               | 110     |         |           |           |                   |
| Products                        |         |         |           |           |                   |
| A                               | 150     |         |           |           |                   |
| B                               | 165     |         |           |           |                   |
| C                               | 145     |         |           |           |                   |
| Support Functions               |         |         |           |           |                   |
| A                               | 75      |         |           |           |                   |
| B                               | 80      |         |           |           |                   |
| C                               | 90      |         |           |           |                   |
| Total                           | 1040    |         |           |           |                   |
Any product requires the use of network elements. Therefore, should the gross block value for plant and machinery for Product A (shown as 150) include the costs of the network elements above (that are required to produce product A), or is that cell only intended to reflect the non-network element costs of Product A? Another way of posing the question, and illustrating the potential for confusion, is does the total of 1040 for plant and equipment equal the total value for the company, or is it greater than the total value of the company, since network elements values are captured both under network elements and under products?

In addition, operators may not have information corresponding to the network elements TRAI has defined. Even if TRAI were to collect data on network elements, the list of elements is somewhat too long and detailed.

**Proforma F & G**

- Certain Common Assets and liabilities can not be bifurcated between Network Elements and Others (e.g. Cash & Bank, Loans & Adv, etc).

**Proforma H** - It is not correct to seek for the information of a separate legal entity which is otherwise is not includible in the financial statement of the company just for the reason that the companies have common management.

**Proforma I** - The requirement of separate list of items / head of accounts having a value of more than Rs. 10 Crore, should be dispensed off with else should be in line with Schedule VI of the Companies Act.

**Other Recommendation – on Proforma Information [Allocation of revenues by product is not necessary]**

- Identification of costs for calculation of the MTC should be the primary purpose of the ASRs. Revenue information is not useful for such purposes. The revenue categories (other than the aggregate categories of Proforma A) be removed from the Proforma (e.g., Proforma B and I). Similarly, any measures of profitability are also not necessary.

- Guidance to be provided on allocation basis for common costs and common assets to Products, Circles etc

- Network Operating Cost in Schedule III - We note that the cost category “Network Operating Costs” appears in Proforma A but not in Proforma B or Proforma D. We recommend that this category be inserted into all Proforma (that are retained).

(ii) **Accounting Separation on the basis of replacement cost accounting should be done away with**

It is mentioned that for the purpose of Replacement, Capital Cost Maintenance methodology should be followed. However, the methodology has the following limitations:

- It requires a lot of judgment, thereby involving subjectivity and being open to debate
- It has a cost impact on the operators without bringing any reciprocal gain.

- It also does not have any real value as the quotes (provided by the vendors) may not be the actual cost. It is for the primary reason that they will not consider any actual business situation e.g. volume discount, competition, obsolesce of technology etc.

- Even for the benchmarking the Modern Equivalent Asset in terms of technological change etc requires lot of judgment and is open for debate.

- There should be replacement cost of an asset/product which is less than 3 years in age.

- Operators have entered the market at different point in times and thus have acquired the assets which may vary in the feature / cost. This besides they may have different network topologies. The Capital Cost Maintenance Methodology will neither be able to curb this disparity nor bring in any comparability in numbers.

The ASR prepared under replacement cost methodology reflects neither true picture nor does it serves any purpose except for it being a regulatory requirement. Therefore it is requested that the requirement of replacement may please be dispensed off with.

D. Audit

(i) The ASR should be filed on the basis of self certification and the need of Audit of ASR should be done away with

- The Accounting Separation reports are prepared only after the finalization of accounts & statutory audit. All the information of ASR is compiled only from these audited Accounts.

- It may further be noted that the Cost Audit Branch (CAB) of the Ministry of Corporate Affairs vide its order no. F.No.:52/26/CAB-2010 dated 21st May, 2011 has now directed to all Telecom Companies to get their Cost Accounting Records audited from a Cost Auditor (Cost Accountant or a firm of Cost Accountants).

- In this context, we believe that the Audit of ASR may no longer be necessary We therefore submit that the ASR should be filed on the basis of self certification and the need of Audit of ASR should be done away with.

(ii) Adoption of ASR By Board

As the financial information in the ASR is based on the audited financial statements and underlying records, the adoption by Board should not be required in line with the previous practice;
Also, the ASR is being approved by the authorized signatory at Senior Management level of the Company who is authorized by the Board, the above adoption by the Board would not be required.

Also, preparation of ASR involves lot of underlying assumptions, estimations and allocations and which are disclosed in the manual, forcing the Board for adoption of such records creates unnecessary hardship on the management.

Therefore the requirement of adoption of ASR by may please be dispensed off with.

(iii) Audit Report

It may be noted that the Cost Audit Branch (CAB) of the Ministry of Corporate Affairs vide its order no. F.No.:52/26/CAB-2010 dated 2nd May, 2011 has now directed to all Telecom Companies to get their Cost Accounting Records audited from a Cost Auditor (Cost Accountant or a firm of Cost Accountants).

Further, ASR is a ‘certification’ and expression of opinion by auditors in the proposed format shall be a challenge for the auditors too.

Thus this becomes a certification of work done by the company and the audit is carried on by the auditors as per ‘Standards on Related services (SRS) – 4400’ issued by the institute of Chartered Accountants of India and hence cannot be equated with the report provided by auditors under Statutory/Cost audit

In this context, Audit of ASR may no longer be necessary We therefore submit that the ASR should be filed on the basis of self certification and the need of Audit of ASR should be done away with.

E. Other Considerations

(i) Adoption of new accounting standards including IFRS/ IND-AS does not require changes in the accounting separation regulation

- As per Regulation 4 (3) of the Accounting Separation Regulation, reports are to be prepared on the basis of historical cost accounting and reconciled with the annual financial statement of service providers under Section 211 of the Companies Act, 1956. Therefore, annual accounts as per the Companies Act, 1956 and Accounting Separation Reports are based on same financial/ cost information.

- As per Section 211 of the Companies Act, 1956, Profit and Loss account and balance sheets should be as per the accounting standards. Therefore, such P&L Account or Balance Sheets will have to be prepared as per the IFRS/ IND-AS when adopted by ICAI.
• Since Accounting Separation and Company Annual Accounts are to be prepared using same financial and cost information, the accounting separation shall also have to be prepared as per the IFRS/IND-AS.

• While no major change is required in the Accounting Separation Regulation, under IFRS/IND-AS Property, plant and equipment, intangible assets, investment property, can be measured either at fair value, previous GAAP revaluation or the previous carrying amount as per Indian GAAP. Thus for the companies opting for the revaluation of these items, there should be a mandatory disclosure requirement similar to the first financial statement (post adoption), wherein item wise financial impact should be disclosed for the first year of the ASR post implementation of IFRS/IND-AS.

• Similarly for the companies opting for revaluation of business combinations occurred before the date of transition, it should be made mandatory to disclose the item wise financial impact in the first year of ASR post such transition.

• These are for the reasons that it will have an impact on the carrying value assets and the related information shall only be available at company level in the financial statement which may not be as useful compared to ASR.

(ii) Data Required for Calculating the MTC are Minimal

Clearly, the primary use of ASR information should be to support the cost calculation of the MTC. From this perspective, it is useful to step back to consider the minimum information necessary in order to calculate a national average MTC. We believe that the following information will be required:

A) Voice Traffic Sensitive (to be included in the numerator of the MTC calculation);

B) Caused by Other by Factors (e.g., lines, customers, retail-related costs; to be excluded from the MTC);

C) Wholesale-specific costs (to be allocated only to wholesale call termination minutes, but empirically these costs may be negligible); and

D) Truly Common Costs (to be allocated to categories A and B above.

As a practical matter then, costs need to be assigned to three categories: A), B) and D). More specifically, one can think of assigning non-capital operating expenses to these three categories.\(^1\) In addition, it is also important to assign capital assets to the A), B) and D) categories as well. Once capital assets are assigned to the three categories, the associated capital costs (depreciation and WACC – including associated taxes) can be assigned to the three categories as well.

\(^1\) Technically in accounting, depreciation is an operating expense, but for convenience of discussion (and to match past terminology used by TRAI) it is treated as part of the capital costs.
One can then think of the accounting data matrix as having only 6 cells, as follow:

<table>
<thead>
<tr>
<th>Category A: Traffic Sensitive</th>
<th>Category B: Retail &amp; Other non-traffic sensitive</th>
<th>Category D: Common Costs, not specific to A or B (to be allocated to A &amp; B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses Ae</td>
<td>Be</td>
<td>De</td>
</tr>
<tr>
<td>Capital Assets, then translated to capital costs Ac</td>
<td>Bc</td>
<td>Dc</td>
</tr>
</tbody>
</table>

Once operating expenses and capital costs are assigned to each of the three categories, the MTC can be calculated as \((\text{traffic sensitive operating expenses (Ae)} + \text{capital costs of (Ac)}) + \text{(allocated share of common operating expenses and capital costs (portion of De & Dc)/"minutes")}\).

Here "minutes" is the sum of all network minutes (originating, terminating and on-net) as well as a minute equivalent for services like SMS. Minutes could be obtained from the proposed Proforma J, section III.

As such, an accounting data template could be exceptionally simple - the six cells above plus "minutes". Create information to populate the six-cell matrix above (and a measure of minutes).

(iii) **Infrastructure Companies**

IP-1 service providers are just facilitators to the UASL operators and provide assets such as Dark Fiber, Duct space, Tower, building etc. We would also like to highlight that a license is granted by the Government under Section 4 of the Indian Telegraph Act 1885 for granting to licensee the privilege of “establishing, maintaining and working telegraphs.” While the Infrastructure Providers provide the passive infrastructure, they do not have the privilege of establishing, maintaining and working telegraphs and hence, rightly operate under a registration instead of a license.

With this background, IP-1 business (Tower, Dark Fibre etc) has so far been kept outside the Licensing regime except for some administrative requirements. The following requires an attention of the authority:

- At one place the requirement is to submit the ASR report Service wise and service area wise which is against the essence of proposed Unified Licensing Regime under NTP and on the other hand the infrastructure companies are being brought into the ASR net which is in line with Unified Licensing Regime.
- Again the business of the IP1 companies is completely different from that of telecom service providers.

- Thus all the pro formas in its present shape and form as is relevant for service providers is not so relevant for these companies as these are not the Licensees and hence the requirement of submission of data for IP1 may be please be dispensed off with.

- Non financial Report:

**Clause A - Wireless Service**:

3.1 Usage-Minutes/ Number: There is no clarity on the definition of on-net data requirement for Voice/Video/SMS/MMS. Does the On-net mean Airtel to Airtel across service areas or Airtel to Airtel with in service areas. Thus, unless we have the clarity, we shall be unable to provide the relevant comments.

3.2 Data Usage: It is not possible to segregate the data usage technology wise (2g/3g) as the customer shall keep roaming between the multiple RAN environment.

**Clause B - Wireline Service**:

3.2 Usage-Minutes/ Number: There is no clarity on the definition of on-net data requirement for Voice/Video/SMS/MMS. Does the On-net mean Airtel to Airtel across service areas or Airtel to Airtel with in service areas. Thus, unless we have the clarity, we shall be unable to provide the relevant comments.

**Clause D – NLD service**:

2.3 Data usage in MB: It is not possible to provide data usage in the NLD Service as the scope of NLD is to sell bandwidth through leased circuit to a customer and not data. It is only in case of access provider that the data usage can be determined.

2.3 Data usage in MB: It is not possible to provide data usage in the ILD Service as the scope of ILD is to sell bandwidth through leased circuit to a customer and not data. It is only in case of access provider that the data usage can be determined.

**Clause H– Cable Landing service**:

In case of sub clause 2.4-2.6, we would like to bring to your notice that the data on number of landing/Access facility provide/collocation provided is dynamic in nature and hence the data that shall be provided will be the data as at the last day of the financial year being reported.
F. Considerations relating to schedule I/II/III

We understand that this schedule is only Indicative in nature. Hence the products should be
decided on the main revenue driver alone as for most of the indicative components, the costs
are neither segregable nor allocable.

Our comments with respect to the same are as below:

- **On Access Service – Wireless, Wireline and WLL**
  - The product should be decided basis the main revenue driver and accordingly it
    is suggested that it should be limited to Prepaid, Post paid and Roaming.
  - As regards components of these products, the details should be limited to a first
    level of drill down e.g. Calls, Message, VAS, Data and Roaming. A further sub
    componentization of these into voice and video and a third level to on net / off net
    is not desirable.
  - Segregation of data into 2G & 3G is not possible

- **Internet Service Provider**
  - The products should be retained as broadband (dedicated) and narrowband
    (including dialups)

- **NLD/ILD**
  - The product should be decided basis the main revenue driver and accordingly it is
    suggested that it should be limited to Voice and Data and further sub
    componentization should not be asked for.

- **Cable Landing Service Services in Schedule I**

We note that there are no product sub-classifications under the Cable Landing Service (IX) in
Schedule 1. We submit that given the bottleneck nature of CLS and the potential for
anticompetitive behaviour and high pricing, the ASR Regulations should include greater detail.

Specifically, we submit that the following service sub-classification be included in schedule I:

- Collocation;
- Access facilitation installation; and
- Access facilitation rental.

The above product classification is consistent with the information the Authority requested in the
July CLS consultation. We believe that the ongoing collection of this information will assist the
Authority to monitor the competitiveness of the various CLS throughout India.

In contrast to the other product-specific data requested by TRAI, this data is clearly relevant to
establishing regulated rates.
• **Schedule – II:**

We understand that this schedule is only indicative in nature. Hence the cost should be segregated into main network elements viz. core and dedicated network and the TRAI proposal of having various sub components under the main network elements can surely be suggestive in nature.