

Telecom Regulatory Authority of India

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Telecom Companies Submit Separated Accounts to TRAI

The Reporting System on Accounting Separation Regulation, 2004 (Regulation) was issued by the Authority with the main objectives to identify cross-subsidization practices, investigate cases of predatory pricing and other anti-competitive practices and have the relevant data for determining cost based charges. As per the Regulation, service providers, which have accounting year ending on 31st March 2004, were required to submit their Audited Accounting Separation Reports to the Authority by 31st December 2004. All vertically integrated players including BSNL, Bharti, Reliance and TATA have submitted Audited Accounting Separation Statements to the Authority. These reports include segregated cost records for various products and services provided by these companies. Most other standalone operators have also started accounting separation for products provided by them and submitted the Audited Accounting Separation Reports to the Authority. These Accounting Separation Reports provide more accurate and detailed information on costs of various products and services. The Authority is examining these reports in detail for any shortcomings or need for improvement in the submission.

A few service providers however have failed to submit the Audited Accounting Separation Reports as yet and thereby violated the Regulation. The defaulting companies have been served show cause notices to explain on or before 28th January 2005 as to why action under the TRAI Act be not taken by the Authority against them for the violation of the Regulation. These companies include telecom companies of Hutchison group and BPL group, Shyam Telelink Ltd, and few value added service providers.