Bharti Airtel Ltd.
India & South Asia
Airtel Center, Plot No. 16,
Udyog Vihar, Phase - IV,
Gurugram - 122 015
Haryana, India

www.airtel.in
Call +91 124 4222222
Fax +91 124 4243252

TRAI/FY25-26/057
07th November 2025

Shri Vijay Kumar,
Advisor (Financial & Economic Analysis)
Telecom Regulatory Authority of India,
World Trade Centre, Nauroji Nagar,
New Delhi – 110029

Subject: Bharti Airtel's Comments on *Draft Amendment to the Reporting System on Accounting Separation Regulations, 2016 (ASR 2016")*.

Reference: Draft amendment to the Accounting Separation Regulations issued by TRAI on 16.10.2025.

Dear Sir,

This is in reference to the Draft amendment to the Accounting Separation Regulations issued by TRAI on 16.10.2025.

In this regard, please find enclosed our comments on the Accounting Separation (Amendment) Regulations, 2025, for your kind consideration.

Thanking You,

Yours Sincerely,
For **Bharti Airtel Limited**

Rahul Vatts
Chief Regulatory Officer

CC: Shri. Atul Kumar Chaudhary, Secretary, TRAI, New Delhi - 110029
Shri. D. Manoj, Principal Advisor (F&EA), TRAI, New Delhi – 110029

Executive Summary:

Airtel thanks the Authority for giving it the opportunity to comment on this important *Draft Amendment to the Reporting System on Accounting Separation Regulations, 2016 (**"ASR 2016"**)*.

At the outset, Airtel would like to state that it received the Draft Amendment with surprise since the particular issue on review of financial disincentive (**"FD"**) has neither been discussed with the TSPs ever before, nor has any reference letter from DoT been shared by the Authority on this matter.

Airtel is fully aligned with the goals of transparency and accountability. **Our exemplary record on compliance with the ASR regime, since its inception in 2004, demonstrates our commitment.** However, it is simultaneously necessary to ensure that any framework is consistent with the principles of fairness and proportionality.

The Draft Amendment, in its present form, goes against the Government's stated objective of Ease of Doing Business, and would seriously undermine regulatory stability and investor confidence in the sector. Moreover, it is also opposed to Government's ongoing initiatives aimed at decriminalization, simplification, and reduction of compliance costs under the Jan Vishwas (Amendment of Provisions) Bill, 2023 and the forthcoming Jan Vishwas Bill 2.0.

Thus, there is a need for balanced recalibration of the proposed FD framework. Moreover, an overall holistic review of the ASR 2016, and its requirement and relevance, is the need of the hour and should be undertaken at the earliest.

It may also be pertinent to highlight here that the Draft Amendment is purported to be made under Section 11(1)(b)(i) read with Section 36 of the TRAI Act. However, these provisions only empower the Authority to issue regulations, not to impose FD for non-compliance of the same. Hence, **the extant provision for imposition of FD itself goes beyond the mandate of the parent statute – the further enhancement of the same may thus be excessive and arbitrary.** However, without prejudice, we have also provided our comments on the Draft Amendment.

The sections that follow elaborate on Airtel's assertions.

(A) Request for a Holistic Review of ASR Regime:

Accounting Separation Regulations were originally introduced in 2004 – which was the initial phase of market development. At that time, the rate of the Interconnection Usage Charges ("IUC") was fixed by the Authority; and cost allocations were at the core of such an exercise. Since then, the Indian telecom industry has undergone significant transformation – in terms of the changed marked dynamics, as well as the regulatory structure, like the introduction of the unified licensing regime, enhanced statutory disclosures under Company and Tax laws etc. At present,

the IUC rate has been brought down to "0", with the only exception of the ceilings for carriage and international termination charges.

With all these changes, **the requirement of information and the objectives of transparency and financial reliability earlier designed through ASR are either no longer relevant or may be met through other submissions** including the monthly/quarterly reports filed with the DoT/Authority (e.g. MoU details, Revenue Reports, AGR Statement etc.).

Further, the telecom sector is already governed by the **Companies (Cost Records and Audit) Rules, 2014, which require companies to prepare and file detailed service-wise costing reports,** including specialized annexures for the industry. Since ASR 2016 also requires a similar type of segment-wise cost accounting statements and is based on the same accounts, it results in **duplication of effort and reporting**.

Given these developments, **a comprehensive review of the entire ASR framework itself may be appropriate – to assess its relevance, scope and efficiency in the present**. This would also align with the Government's broader Ease of Doing Business reforms aimed at minimizing redundant compliance and promoting regulatory clarity.

In case the Authority comes to the conclusion that the ASR regime may not be dispensed with in entirety, the FD framework would need to be reviewed from a fresh perspective – as detailed in the subsequent sections.

(B) FD as Last Resort:

FD, under the extant ASR 2016 as well as in the Draft Amendment, appears to be an immediate recourse – for every instance of delay or error, without distinguishing between inadvertent and willful omissions/errors leading to non-compliance. It also does not factor in the past conduct of the TSP. Further, no opportunity is given to the TSP to take corrective measures before initiating punitive action. Such an approach is inconsistent with the principle of proportionality.

Instead, trust-based compliance and regulatory efficiency would promote Ease of Doing Business. Thus, **punitive provisions should remain a measure of last resort rather than a default enforcement tool. Minor procedural lapses may be forgone, and a graded FD framework may be adopted, in order to ensure a higher level of compliance with material requirements.**

It may be noted that **even the new Telecom Act provides for a graded system of penalties for breach of terms and conditions of license/authorisation – with only a written warning for non-severe cases. Moreover, a provision for voluntary undertaking has been introduced**, providing operators an opportunity to disclose contraventions – which acts as a bar on any proceedings by DoT. In fact, an operator may submit a voluntary undertaking even during the course of proceedings, and it then acts as a mitigation measure while determining the penalty. It is evident

from the above that the objective of the Government is to enhance the overall level of compliance, and not penalize operators for each and every case of non-compliance.

We suggest that a similar approach may be adopted in case of ASR as well:

- **There should be no FD for any inadvertent error/omission.**
- **A formal advisory/warning should be issued in case of any such recurrence within 2 years of the first instance.**
- **FD should only be used as a last resort, and only in cases of willful and/or repeated non-compliance which have a material impact on decision-making by the Authority.**
- **The materiality and scale of impact of the non-compliance as well as the track record of the TSP should be factored while determining the quantum of FD.**

(C) Need for Reconsideration of Quantum of FD:

The Draft Amendment proposes to enhance the FD manifold, with the maximum amount of FD being linked to the turnover of the licensee:

- daily FD of ₹50,000-₹75,000 for continued contravention, capped at ₹25 lakh; and
- a turnover-based penalty of up to 1% of an operator's annual revenue for reporting-related contraventions.

The only rationale provided by the Authority for the proposed change is *"... to ensure that telecom service providers report to TRAI on a consistent and accurate basis"* and *"... amend the relevant regulatory provisions to enhance the effectiveness of financial disincentives in ensuring regulatory compliance"*.

There is neither any further justification nor any past data points (e.g. the number of times there has been an error in reporting which adversely impacted the Authority's decision making), which would support this steep and disproportionate increase in FD.

(D) Need for Reconsideration of Turnover-Based Penalty:

ASR filings are administrative compliance requirements that do not directly impact on the consumers, the market behavior or the service quality. It is merely a reporting requirement with no loss to exchequer. Turnover-based penalty in such cases is unprecedented. **Even in case of compliances related to License Fees/Spectrum Usage Charges, non-compliance does not lead to any penalty (post 2021 Cabinet reforms),** let alone **turnover-based penalty.**

It is also noteworthy that **no other sectoral regulator in India (including SEBI, CERC, IRDAI) imposes turnover-linked penalties for routine reporting lapses**. Most regulators employ fixed nominal penalties designed to encourage compliance, and not to penalize inadvertent errors.

Turnover-based penalties are typically reserved for substantive violations such as anti-competitive conduct or fraud. In case of some of the TSPs, it may potentially amount to hundreds of crores. Extending such measures to procedural reporting lapses/minor inadvertent omissions, bears no rational nexus to the nature or gravity of the lapse. It would thus violate the principle of proportionality and be antithetical to the objective of improving Ease of Doing Business.

Conclusion & Recommendations:

In view of the foregoing submissions, Airtel submits that the Draft Amendment should be dropped.

It further recommends the following:

(i) A broader consultation should be initiated to assess the continued relevance and requirement of the ASR regime.

(ii) The framework should be aligned with the Government's ongoing reform agenda under the Telecom Act and the Jan Vishwas Bill – with focus on simplification, proportionality, and predictability.

(iii) Penalties, if any, should depend on intent, materiality, and past record of compliance, rather than automatic triggers.

(iv) There should be a graded enforcement structure, beginning with advisories/warnings before any FD is considered.

(v) There should be no turnover-based FD, as the same lacks any legal/policy precedent.