

COAI submission regarding Concerns on the Proposed Increase in Financial Disincentives for Reporting Delays – Reference Draft Telecom Tariff Order (72nd Amendment)

1. Introduction

- a) We appreciate the opportunity to submit our comments on the draft **Telecommunication Tariff (Seventy Second Amendment) Order, 2025 issued on 16.10.2025.**
- b) At the outset, it is respectfully submitted that the proposed amendment to enhance the financial disincentive for delayed reporting of tariff plans runs contrary to the Government's broader policy direction towards ease of doing business, compliance simplification, and decriminalisation of minor procedural defaults as embodied in the **Jan Vishwas (Amendment of Provisions) Act, 2023 and the proposed Jan Vishwas Bill 2.0.**
- c) While the Government is progressively moving towards rationalising and simplifying regulatory compliance, the proposed amendment by TRAI seeks to introduce stringent financial disincentives for minor reporting delays.
- d) It is pertinent to mention that financial disincentives are not the most effective means of ensuring regulatory compliance. They run counter to the Government's stated objective of promoting ease of doing business and can adversely impact investor confidence. Internationally, such monetary deterrents are sparingly used, with regulators preferring consultative and facilitative approaches to encourage sustained and voluntary compliance.
- e) Moreover, TRAI in its recommendations on EoDB dated 30th November 2017 has stated the following:

“In Para 2.65 of the Recommendation, TRAI stated that in order to streamline the process and to ensure that the service providers are not unduly penalised, it is necessary to frame guidelines on deciding the quantum of penalty.”

We request that the above enunciated principles may be considered by the Authority and Financial disincentives should not be unduly high.

- f) While we fully support TRAI's intent to promote transparency and accountability, the proposed changes related to the increase in Financial Disincentives and introduction of interest mechanisms raise significant concerns.

2. Background and Current Framework

- a) Under the *Telecommunication Tariff Order, 1999* (as amended from time to time), service providers are mandated to report tariffs to the Authority within seven working days of implementation. This system has functioned effectively for several years, with TRAI being empowered to call for clarifications or take corrective action where necessary.
- b) The proposed enhancement—imposing ₹10,000 per day for the first seven days, ₹20,000 per day thereafter, subject to a cap of ₹5 lakh—would unfairly disincentivize even for inadvertent delays, without establishing a regulatory necessity or corresponding public benefit.

3. Reasonableness of Financial Disincentives

- a) We respectfully submit that TRAI has not shared any data with regard to delayed filing of tariffs. As per our members, there are next to 'Nil' notices received by them for delay in tariff reporting, in past few years. In light of the same, the proposed escalation of financial disincentives appears rather high and may not be commensurate with the nature of the default.
- b) Even if the Authority has found instances of some of the operators in other license categories not complying to the reporting of the tariffs, any such facts may kindly be shared by the Authority along with action taken and effectiveness of financial disincentives.
- c) Here it is pertinent to note that Tariff reporting is essentially an administrative compliance activity and does not entail any financial loss to the exchequer or adverse impact on consumers.
- d) We humbly submit that in instances where the tariff fully adheres to all regulatory principles—such as transparency, non-discrimination, and non-predation—a delay in filing does not cause any substantive harm to the market or to TRAI.

4. Alignment with Government Policy and Legislative Intent

- a) The Government's ongoing efforts through the **Jan Vishwas Act** and proposed **Jan Vishwas Bill 2.0** underscore a clear commitment to *decriminalising, rationalising, and simplifying* regulatory obligations.
- b) Introducing punitive Financial Disincentives for minor procedural lapses would be inconsistent with:
 - i. The Central Government's declared objective of *Ease of Doing Business*;



- ii. The *Telecommunication Act, 2023*, which focuses on proportionality and simplification; and
 - iii. TRAI's own stated role as a *facilitator of orderly growth and fair competition* in the sector.
- c) Hence, we request that TRAI's tariff amendment must be reoriented towards promoting compliance through cooperation and guidance from the Authority.

5. **Legal Concerns**

- a) With due respect, it is submitted that while TRAI is empowered under Sections 11 and 36 of the TRAI Act, 1997 to issue regulations and directions to ensure compliance, the quantum of financial disincentive must remain proportionate to the objective sought. The Access Service Providers have consistently adhered to TRAI's regulatory framework, contributing significantly to national connectivity and digital growth.
- b) It is respectfully submitted that if the proposed amendment is notified in its present form, it may inadvertently give rise to certain unintended outcomes, such as:
- i. Heightened compliance-related apprehension among service providers; and
 - ii. A degree of regulatory uncertainty that may not align with India's well-established investor-friendly policy framework.
 - iii. Increased scope for legal challenges
- c) Such outcomes could, unintentionally, dilute the significant progress achieved under the Government's broader agenda of deregulation, simplification, and ease of doing business.
- d) A more balanced approach—such as graded warnings, advisory notices, or modest administrative charges—may achieve the desired objective of ensuring compliance.

6. **Robust Tariff Reporting by TSPs**

- a) We would like to state that the tariff reporting systems employed by our member TSPs are highly robust, and are further validated by internal checks and controls, ensuring that tariffs are filed promptly in almost all instances.
- b) Moreover, TRAI has already provisioned FD as per "Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulations, 2023" under the Metering and billing audits, whereby the auditor also seeks tariff reportings as part of audit process. Hence, this leads to duplication of FD on compliance items i.e. when provisions for reporting as well as provisions to audit the same compliance item.



- c) We would like to highlight that given the presence of a well-established and effective compliance framework within the telecom sector, introducing higher Financial Disincentives appears unnecessary and disproportionate.
- d) Imposing such Financial Disincentives or a Regulatory intervention in a compliant market may create an adversarial environment and could discourage innovation and investments, thereby increasing risks and cost of compliances. Decisions of the Authority should follow the principle of regulatory minimalism; intervention should be only when necessary.

7. **Collaborative Approach & Transparency**

- a) With due respect, it is submitted that the draft amendment could benefit from greater transparency. The amendment does not presently explain the underlying rationale for the proposed changes, nor does it provide data on the number of past violations, actions taken, or the manner in which enhanced financial disincentives are expected to improve compliance outcomes.
- b) As stated above we presume TRAI maintains records on delayed tariff filings and SCN/FD orders thus issued, which would likely confirm that such occurrences are minimal for our member service providers (RJio, Airtel, and VIL). We suggest TRAI review this data to assess the need for increased financial disincentives, unless there is a real failure of regulatory provisions already available. We further humbly request that TRAI may share the same in the consultation process itself, allowing us and our members to give additional considered comments.
- c) We believe that regulatory compliance can be more effectively achieved through **facilitative and collaborative approach** rather than punitive measures that do not reflect the operational realities faced by service providers

8. **Operational Challenges**

- a) Our member TSPs several times faces operational challenges due to technical issues with the TRAI OTFRS (Online tariff filing and retrieval system) portal. These glitches necessitate duplicate submissions via email, which are administrative oversights arising from system features.
- b) Further, the OTFRS portal is not updated to TRAI's amendments and directions pertaining to TTO, as a result of which the tariffs have to be reported over e-mail and a manual tab has to be kept by the TSPs, which becomes an additional manual activity.
- c) A more constructive approach would be to collaboratively work with the industry to enhance and improve the submission process on the portal first and thereafter assess if there is need of any further regulatory intervention.

- d) Further, the proposed increase in Financial Disincentives heightens the risk for TSPs, as even a single instance of non-compliance would attract substantial financial Disincentives.
- e) Therefore, a more constructive and sustainable approach would involve collaborative efforts between TRAI and the industry to streamline reporting mechanisms and strengthen digital submission.

9. Ease of Doing Business (EoDB)

- a) These increased Financial Disincentives if implemented, would increase the cost of regulatory compliance at a time when operators are already balancing network expansion, service quality enhancement, and affordability objectives.
- b) The proposed measures, with their significantly heightened financial disincentives, would inadvertently create a more punitive environment. This shift undermines the government's broader "Ease of Doing Business" agenda, as it increases the cost of compliance, and fosters a climate of apprehension rather than constructive partnership between industry and regulator.
- c) We also strongly recommend that the financial disincentives be explicitly codified, especially with first 7 days delays only leading to a warning. This ensures predictability and stability, as the Financial Disincentives structure should not be subject to frequent changes, which can create uncertainty for service providers in their compliance planning.

10. Recommendations

- a) In view of the foregoing, it is respectfully submitted that TRAI may:
 - i. **Retain or rationalise** the current ceiling and rates of financial disincentive to ensure proportionality;
 - ii. **Treat first-time or inadvertent delays for first 7 days as minor procedural lapses** leading to warning letters without financial disincentive;
 - iii. **Limit disincentive only to repeated or deliberate defaults**, and at a level that is reasonable;
 - iv. **Ensure alignment** with the *Jan Vishwas* reforms and the *Ease of Doing Business* agenda by avoiding punitive compliance burdens; and

11. Conclusion

- a) **Hence, we humbly reiterate that a more constructive approach would be to focus on collaborative approach and strengthening reporting processes, rather than introducing punitive financial disincentives.**



- b) Thus, we respectfully submit that financial disincentives may not be the first line of response for administrative or procedural issues, especially when the industry has shown overall compliance.
- c) In light of our above submissions, **we respectfully urge TRAI to reconsider and revise** the proposed Financial Disincentive structure to make it consistent with the principles enunciated in the *Jan Vishwas* framework.
- d) **We request the Authority to kindly convene an industry meeting for allowing our member TSPs to share their concerns on this draft Regulations.**

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