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भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

Annexure-1

No. 00-130/ASR/2015-16/CAIII/Part II/BSNL/308

Dated: 09.03.2016

To

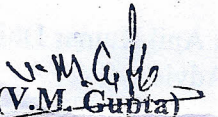
Shri Anil Kumar Dhingra
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Sub: TRAI's draft "The Reporting system on Accounting Separation Regulations, 2016".
Ref: TRAI press release No. 16/2016 dated 22.02.2016

Kindly refer to your office press release under reference cited above wherein comments have been asked from Telecom Service Providers on Draft "The Reporting system on Accounting Separation Regulations, 2016". The new draft regulation is definitely a welcome step as it has incorporated many changes like updation of definitions eg. Broadband etc, rationalization of services, detailing of allocation and attribution methods etc. Following are some of the observations of BSNL in this regard:-

1. The time period for submission of Reports has not been changed i.e reports are to be submitted within six months of the end of the accounting year. The companies are already under pressure to comply with many Statutory and legal requirements within this time frame that this additional requirement which involve preparation of *detailed reports*, its approval from Board of Directors, Audit and submission of reports both in hard copy and softcopy becomes a challenge in itself. Here it will be appreciated that Accounting Separation Reports can be finalized only after the finalization of the financial accounts of the company and its adoption by the Board of Directors of the Company. Also, every alternate year, Accounting Separation Reports based on Replacement cost Basis are also required to be submitted which involves additional work. **BSNL is, therefore, of the view that TRAI may consider the extension of the period of six months for submission of the report.**
2. There are penal provisions for contravention of the time limit for submission of the reports and submission of the false reports. These financial disincentives are like 'sticks' and promote fear. **TRAI may review this provision related to financial disincentives.**
3. Accounting Separation Reports is a report which is Technical in nature but involve Accounting details as well. It is, therefore, suggested that TRAI may consider arranging regular Training sessions to make the TSPs aware about the significant aspects of the Regulations and highlighting the important areas. This will help in providing clarity and submission of more accurate reports thereby reducing paperwork and time involved both on the part of TSPs and TRAI.
4. The frequency of Submission of Accounting Separation Reports based on Replacement Cost Accounting may be reviewed **like once in three or four years if it cannot be dispensed with.**

5. TRAI has detailed out the Allocation and Attribution methods. These appear simple for a TSP providing one or two services, however for the companies like BSNL providing the whole basket of Telecom Services on pan India basis, analysis and distribution of each component of Network element and revenue is not feasible. However, BSNL will try its level best to meet the requirements of TRAI.


(V.M. Gupta)
DGM (CA-III)