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Accountability by Design: TRAI Proposes a New AI Governance Framework for Telecom Operators

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Artificial intelligence (AI) is becoming increasingly embedded in the telecommunications ecosystem, underpinning functions ranging from network optimisation and predictive maintenance to fraud detection and customer services. However, its growing adoption also raises questions around operational resilience, algorithmic accountability and regulatory oversight.

Against this evolving backdrop, the Telecom Regulatory Authority of India (TRAI) released the *Draft Guidelines on Responsible Use of AI in Telecommunication Networks and Provision of Telecommunication Services* (Draft Guidelines) on 30 October 2026. The Draft Guidelines envisage a comprehensive governance framework covering the procurement, deployment, monitoring and oversight of AI systems within the telecommunications networks and services.

Significantly, the proposals seek to vest ultimate accountability for AI systems in telecom entities, irrespective of whether the underlying technologies are developed in-house or procured from third-party vendors.

The Draft Guidelines extend to entities holding relevant telecom service licences under the Indian Telegraph Act, 1885, or authorisations under the Telecommunications Act, 2023, including authorisations relating to telecommunication networks, where such entities deploy or propose to deploy AI systems in their networks or in the provision of telecommunication services (Covered Entities).

Key Proposals and Their Implications

1. Board-Level Accountability and Internal AI Governance

Covered Entities would be required to formulate and adopt a board-approved internal AI policy, classify AI systems as high, medium or low risk, and establish mechanisms for human oversight, data governance, incident management and consumer grievance redressal.

Additionally, each Covered Entity would be required to establish an AI Governance and Safety Committee, headed by a senior executive designated as the AI Governance and Safety Officer. The committee would oversee AI system performance, identify and assess emerging risks and recommend or implement appropriate corrective measures.

The internal AI policy would be subject to periodic review and would also be required to be filed with TRAI within seven working days of its coming into effect.

Key Takeaway: The proposed framework would elevate AI governance from a predominantly tech-driven function to a formal board-level management and regulatory compliance obligation, requiring coordination across technology, network operations, legal, compliance and business functions.

2. **Pre-Deployment Assessments and Continuous Monitoring**

The Draft Guidelines propose a comprehensive inventory of all active, inactive and decommissioned AI systems.

The deployment or modification of AI systems would require validation, conformity and impact assessments addressing factors such as accuracy, robustness, explainability, fairness and human oversight.

Covered Entities would also be required to periodically review AI risk classifications and maintain appropriate records demonstrating compliance.

Key Takeaway: Telecom entities may need to reassess existing AI deployments and introduce more structured internal approval and monitoring processes, rather than limiting compliance reviews to new AI systems.

3. **Third-Party AI Procurement and Contractual Accountability**

Among the more commercially consequential proposals are those concerning the procurement of AI systems from third-party providers, including AI capabilities embedded in telecommunications equipment, infrastructure and technology solutions.

Covered Entities would be required to undertake appropriate supplier due diligence, assess the reliability, capabilities and limitations of procured AI systems, and obtain relevant disclosures from vendors. Further, supplier agreements would also need to incorporate enforceable provisions addressing regulatory compliance, audit and inspection rights, incident management, risk allocation and accountability.

Crucially, Covered Entities would retain ultimate responsibility for the outcomes of AI systems they deploy, irrespective of whether these are developed internally or procured from third-party vendors. Accordingly, reliance on external technology providers would not, in itself, absolve telecom entities of their regulatory obligations.

Key Takeaway: The proposals could materially affect technology procurement strategies, vendor negotiations and allocation of contractual risks. AI suppliers may face greater demands for transparency, audit rights, performance assurances and incident-related support.

4. **AI Incident Reporting and Consumer Protection**

The Draft Guidelines envisage a structured framework for the centralised recording, classification, investigation and mitigation of AI-related incidents. Critical and high-severity incidents would be subject to mandatory reporting to TRAI in the prescribed format, manner and within the stipulated timelines.

Additionally, Covered Entities would also be required to maintain appropriate mechanisms for recording and resolving consumer grievances arising from AI-related harms, alongside periodic training for relevant personnel.

Key Takeaway: Existing cybersecurity, operational risk and incident-management frameworks may need to be augmented to address AI-specific risks, including unintended model behaviour, system failures and adverse consumer outcomes.

Comments

The Draft Guidelines mark a significant step towards translating India's broader AI governance principles into sector-specific regulatory expectations for the telecommunications industry.

Perhaps, the most significant development is the proposed shift from technology-centric risk management towards an organisation-wide model of accountability for AI deployment. The framework would require telecom entities to demonstrate effective governance across the entire AI lifecycle, from procurement and approval to deployment, monitoring, incident management and eventual decommissioning.

The implications would also extend to technology vendors and AI service providers. Although the proposed obligations are primarily directed at Covered Entities, supplier due diligence and contractual requirements could reshape procurement and vendor arrangements, elevating expectations around transparency, operational oversight and risk allocation.

For telecom entities, an early review of existing AI use cases, governance structures and third-party supplier contracts would help identify potential implementation challenges and areas for stakeholder feedback.

The Draft Guidelines are presently at the consultation stage and do not, independently, prescribe a separate penalty regime. TRAI has invited stakeholder comments until 27 November 2026, providing an opportunity for industry participants to seek greater clarity on implementation requirements, proportionality and their interplay with the existing regulatory requirements.

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