

### Telecom sector – Highlights from the budget 2023-2024

The Government of India (“GoI”) unveiled the Union Budget (“Budget”) for the year 2023-2024. The Budget envisages an allocation of INR 97,579.05 crores<sup>1</sup>(Indian Rupees ninety seven thousand five hundred and seventy nine crore five lakh) including revenue for the telecommunication sector which is unlikely to meet the expectations of the industry given that the regulatory levies such as license fee have not been reduced.

The Budget proposes setting up of 100 (one hundred) labs for developing applications using 5G services in engineering institutions to realise a new range of opportunities, business models, and employment potential. The labs would cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.

In a significant increase from the 2022-2023 budget, the GoI has also allocated over INR 2 crores (Indian Rupees two crores) for optical fibre cable-based network for defence services in the current Budget<sup>2</sup>. The Centre for Development of Telematics, the research and development arm of the telecom department, has been allocated INR 550 crores (Indian Rupees five hundred and fifty crores), INR 50 crores (Indian Rupees fifty crore) increase from the previous 2022-2023 budget<sup>3</sup>.

Sector specialists opine that the proposed outlay for 5G labs will likely push the development of use cases and the setup of private networks in India. The telecom industry will be able to fully reap the potential of 5G technology with the use of the allocated fund and the resulting developments.

Experts are hopeful that the industry’s concerns surrounding regulatory levies, basic customs duty on telecom equipment, contributions to universal service obligation fund, among others, will be addressed during the course of the year.

<sup>1</sup> Ref: Grand Total of the Budget ([indiabudget.gov.in](http://indiabudget.gov.in))

<sup>2</sup> Ref: Entry number 10 of the Budget ([indiabudget.gov.in](http://indiabudget.gov.in))

<sup>3</sup> Ref: Entry number 24 of the Budget ([indiabudget.gov.in](http://indiabudget.gov.in))

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Our Communications practice is handled by a team with specific domain-expertise, and we advise various stakeholders in both Telecom & Broadcasting sectors on a wide range of transactions and assignments that involve constitutional, legal, contractual, commercial, regulatory and policy advice. The practice is led by an expert who has over 35 years of experience, and with the team having expertise in handling diverse aspects of the Telecom sector (financial reform, spectrum management, legal and strategic change). We advise broadcasters, BPOs, internet service providers (ISP), operators and investors in the Global System for Mobile Communications (GSM) and the Code Division Multiple Access (CDMA) technologies, and new investors on diverse licensing issues, entry strategies, structuring, national security challenges, and other regulatory issues. We represent the interests of licensees and other stakeholders in interacting with the licensor and regulators with respect to reforms in the regulatory and policy framework to facilitate business growth drawing upon international best practices. We advise and represent investors, broadcasters, and telecom licensees on commercial transactions in this sector, including mergers, acquisitions, restructuring, divestment, licensing, and project financing. We advise telecom service providers and other corporate houses on all aspects of spectrum licensing and allocation, including fundamental issues relating to the scope of spectrum bands, the regulatory framework governing their allocation in India, and planning, strategising and following up on their application to the Government.

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