



February 2024

## Telecom sector – Highlights from the interim budget 2024-2025

On February 1, 2024, the Government of India (“GoI”) introduced the Interim Budget (“Budget”) for the financial year 2024-2025. The Budget envisages an allocation of INR 1,11,876.67 crore<sup>1</sup> (Indian Rupees one lakh eleven thousand eight hundred seventy-six crore sixty-seven lakh) [approximately USD 13,500 million (US Dollars thirteen thousand five hundred million)] for expenditure. In comparison with the previous financial year’s budget of INR 98,359.41 crore (Indian Rupees ninety-eight thousand three hundred and fifty-nine crore forty-one lakh) [approximately USD 11,850 million (US Dollars eleven thousand eight hundred and fifty million)], there is an increase of more than INR 13,000 crore (Indian Rupees thirteen thousand crore) [approximately USD 1,567 million (US Dollars one thousand five hundred sixty seven million)] in the current allocation.

The total net allocation for the Department of Telecommunication includes an additional provision of INR 17,000 crore (Indian Rupees seventeen thousand crore) [approximately USD 2,050 million (US Dollars two thousand and fifty million)] amounting to INR 1,28,876.67 crore (Indian Rupees one lakh twenty-eight thousand eight hundred seventy-six crore sixty-seven lakh) [approximately USD 15,530 million (US Dollars fifteen thousand five hundred and thirty million)] in total. This additional provision has been made from the balances available under the Universal Service Obligation Fund (“USOF”) and will be utilized for various schemes under the USOF, such as compensation to telecom service providers and Bharatnet.

The GoI also aims to collect an estimate of INR 1,20,267.31<sup>2</sup> (Indian Rupees one lakh twenty thousand two hundred and sixty-seven crore thirty-one lakh) [approximately USD 14,490 million (US Dollars fourteen thousand four hundred and ninety million)] as revenue from the telecom sector, which is approximately 30% greater than the revenue target of FY 2023 – 2024 budget, which amounted to INR 93,541.01 crore (Indian Rupees ninety-three thousand five hundred and forty-one crore one lakh) [approximately USD 11,272 million (US Dollars eleven thousand two hundred seventy-two million)].

To encourage the growth of the telecom sector, INR 400 crore<sup>3</sup> (Indian Rupees four hundred crore) [approximately USD 48 million (US Dollars forty-eight million)] has been allocated for research and development of projects to be implemented under the USOF, which is 4 (four) times the amount allocated in the previous budget. USOF aims to provide widespread access to information and communication technology all over the nation, including rural and remote areas with challenging terrain/ borders, to ensure network connectivity and access to all.

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

<sup>2</sup> Ref: Entry number 6.06.01 of the Budget ([indiabudget.gov.in](http://indiabudget.gov.in))

<sup>3</sup> Ref: Entry number 9.04 of the Budget ([indiabudget.gov.in](http://indiabudget.gov.in))

The Centre for Development of Telematics has been allocated INR 500 crore<sup>4</sup> (Indian Rupees five hundred crore) [approximately USD 60 million (US Dollars sixty million)] which is an INR 50 crore (Indian Rupees fifty crore) [approximately 6 million (US Dollars six million)] reduction from the last budget.

The domestic industry incentivisation scheme has been allocated INR 1910.80 crore<sup>5</sup> (Indian Rupees one thousand nine hundred ten crore eighty lakh) [approximately USD 230 million (US Dollars two hundred thirty million)] which is more than thrice the amount previously allotted. Out of the entire amount, INR 34.46 crore (Indian Rupees thirty-four crore forty-six lakh) [approximately USD 4.2 million (US Dollars four million two hundred thousand)] is set aside for Technology Development and Investment Promotion, and INR 70 crore (Indian Rupees seventy crore) [approximately USD 8.4 million (US Dollars eight million four hundred thousand)] is set aside for the Champion Service Sector Scheme. The remaining INR 1806.34 crore (Indian Rupees one thousand eight hundred and six crore thirty-four lakh) [approximately USD 217 million (US Dollars two hundred seventeen million)] is earmarked for the Product Linked Incentive (“**PLI**”) Scheme. The increased allocation towards the PLI Scheme is a step towards the promotion of the GoI’s Make-In-India policy, which will increase capital investment and import substitution in the telecom sector.

The GoI has allocated INR 8500 crore<sup>6</sup> (Indian Rupees eight thousand five hundred crore) [approximately USD 1,024 million (US Dollars one thousand twenty-four million)] for Bharatnet, which is INR 3,500 crore (Indian Rupees three thousand five hundred crore) [approximately USD 421 million (US Dollars four hundred twenty-one million)] increase from the previous FY 2023 – 2024 budgetary allocation of INR 5,000 crore (Indian Rupees five thousand crore) [approximately USD 603 million (US Dollars six hundred and three million)]. Bharatnet aims to establish telecom connectivity and broadband in all rural towns and villages in India and this raise in its budget is an impetus to fulfilling its cause.

While INR 2.92 crores (Indian Rupees two crore ninety-two lakh) [approximately USD 351,860 (US Dollars three hundred fifty-one thousand eight hundred sixty)] has been allocated for developing 5G Connectivity Test Bed, experts are hopeful that an additional budget will be allocated towards further development of 5G infrastructure, during the year.

A glance at the Budget’s allocation showcases an effort towards creating greater opportunities for domestic producers which will result in greater employment. Projects developing nationwide telecom infrastructure and domestic industry are being prioritised to attain optimal growth in the telecom sector.

---

<sup>4</sup> Ref: Entry number 24 of the Budget ([indiabudget.gov.in](https://indiabudget.gov.in))

<sup>5</sup> Ref: Entry number 11 of the Budget ([indiabudget.gov.in](https://indiabudget.gov.in))

<sup>6</sup> Ref: Entry number 9.03 of the Budget ([indiabudget.gov.in](https://indiabudget.gov.in))

## Telecommunications & Broadcasting Practise

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.

This Prism has been prepared by:



**Tony Verghese**  
Partner




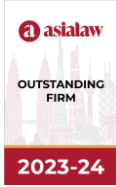




**Radhika Gupta**  
Principal Associate



**Shruthi Shekar**  
Associate



**Neethika Manoj**  
Junior Associate

		
<p>18 Practices and 25 Ranked Lawyers</p>	<p>13 Practices and 38 Ranked Lawyers</p>	<p>19 Practices and 19 Ranked Lawyers</p>
		
<p>12 Practices and 42 Ranked Partners <b>IFLR1000 APAC Rankings 2023</b> ----- Banking &amp; Finance Team of the Year ----- Fintech Team of the Year ----- Restructuring &amp; Insolvency Team of the Year</p>	<p>Among Top 7 Best Overall Law Firms in India and 9 Ranked Practices ----- 11 winning Deals in IBLJ Deals of the Year ----- 12 A List Lawyers in IBLJ Top 100 Lawyer List</p>	<p>Innovative Technologies Law Firm of the Year 2023 ----- Banking &amp; Financial Services Law Firm of the Year 2022 ----- Dispute Resolution Law Firm of the Year 2022 ----- Equity Market Deal of the Year (Premium) 2022 ----- Energy Law Firm of the Year 2021 ----- Employer of Choice 2021</p>
		
<p>7 Practices and 2 Ranked Lawyers</p>	<p><b>Ranked #1</b> <b>The Vahura Best Law Firms to Work Report, 2022</b> ----- Top 10 Best Law Firms for Women in 2022</p>	

For more details, please contact [km@jsalaw.com](mailto:km@jsalaw.com)

[www.jsalaw.com](http://www.jsalaw.com)



Ahmedabad | Bengaluru | Chennai | Gurugram | Hyderabad | Mumbai | New Delhi



This prism is not an advertisement or any form of solicitation and should not be construed as such. This prism has been prepared for general information purposes only. Nothing in this prism constitutes professional advice or a legal opinion. You should obtain appropriate professional advice before making any business, legal or other decisions. JSA and the authors of this prism disclaim all and any liability to any person who takes any decision based on this publication.