

**GOVERNMENT OF INDIA  
COMMUNICATIONS AND INFORMATION TECHNOLOGY  
LOK SABHA**

UNSTARRED QUESTION NO:1201  
ANSWERED ON:02.08.2010  
EQUITY IN TELECOM SECTOR  
Rathod Shri Ramesh

**Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:**

- (a) whether as per licensing conditions, a telecom operator cannot own more than 10 per cent equity in two different telecom firms;
- (b) if so, the details thereof;
- (c) whether some telecom companies are violating the rule of licensing conditions;
- (d) if so, the names of the telecom companies; and
- (e) the action taken/being taken by the Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SACHIN PILOT)

(a) & (b) Madam, Cellular Mobile Telephone Service (CMTS) and Unified Access Service Licence condition inter-alia provides that:

No single company/legal person, either directly or through its associates, shall have substantial equity holding in more than one LICENSEE Company in the same service area for the Access Services namely; Basic, Cellular and Unified Access Service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company/Legal person cannot have stakes in more than one LICENSEE Company for the same service area.

Note: Above clause, shall not be applicable to Basic and Cellular Licensees existing as on 11.11.2003, and in case one of them migrates to UASL it shall not be necessary to surrender the other License. Further, Basic and Cellular Licensees existing as on 11.11.2003, shall not be eligible for a new UASL in the same service area either directly or through its associates. Further, any legal entity having substantial equity of existing Basic/Cellular licensees shall not be eligible for new UASL.

(c) & (d) M/s Spice Communications Limited while submitting the half yearly compliance of the FDI guidelines in January 2009, intimated that M/s Idea Cellular Limited holds 41.09% equity stake in M/s Spice Communications Limited. Subsequently, as per the approval of the scheme of amalgamation by the Hon'ble High Courts of Gujarat and Delhi, M/s Spice Communications Limited amalgamated into M/s Idea Cellular Limited. Consequently the amalgamated entity holds two UAS licences in 6 service areas.

(e) The action as per terms and conditions of licence agreements and intra service area merger guidelines is under process.