

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

UNSTARRED QUESTION NO:3617
ANSWERED ON:16.08.2010
FDI IN TELECOM SECTOR
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether despite of increasing the Foreign Direct Investment (FDI) limit from 49 percent to 74 per cent, foreign investors have not utilised the higher investment ceiling in the country;
- (b) if so, the reasons therefor; and
- (c) the steps taken/being taken by the Government in this regard?

Answer

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

(a) to (c) Composite FDI (Direct + Indirect) in telecom sector is 74%, which is sectoral cap. After increase of FDI limit from 49% to 74% in November 2005, the companies as per list given in the Annexure have utilized increased FDI ceiling for telecom services. In February 2009, the Government has further revised the methodology of calculation of indirect foreign investment, according to which FDI of less than 50% in investing company is not counted in the licensee company if the investing company is 'owned' and 'controlled' by resident Indian citizens. This change of methodology of calculation of indirect foreign investment from earlier proportionate basis to 'owned' and 'controlled' basis has brought down composite FDI in some of the licensee companies and have given more room to bring in further investment. However, actual foreign investment requirement of a licensee company depends on its business case.