

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

STARRED QUESTION NO:110  
ANSWERED ON:21.03.2012  
FDI CAP ON TELECOM TOWERS  
Bhoi Shri Sanjay;Paranjpe Shri Anand Prakash

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

- (a) whether Telecom Regulatory Authority of India (TRAI) has recommended to the Government for lowering the foreign direct investment cap on telecom tower companies from 100% to 74%;
- (b) if so, the details thereof and the reasons therefor;
- (c) the reaction of the Government to the recommendation of TRAI;
- (d) the number of telecom tower companies that are likely to be affected by this move; and
- (e) the manner in which such move is likely to be beneficial to the country and the consumers?

**Answer**

THE MINISTER OF HUMAN RESOURCE DEVELOPMENT AND COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI KAPIL SIBAL)

(a)to(e) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 110 FOR 21ST MARCH, 2012 REGARDING 'FDI CAP ON TELECOM TOWERS'

(a) Telecom Regulatory Authority of India (TRAI) in its recommendations on 'Spectrum Management and Licensing Framework' dated 11th May 2010, had recommended that Infrastructure Provider-I (IP-I) category should also be brought under the Licensing regime. At present telecom tower companies are registered under Infrastructure Providers category- I and 100% FDI is permitted whereas for Unified Access Service Licence upto 74% FDI is permitted.

(b)&(e) TRAI has mainly given following reasons behind their recommendations for bringing IP-I under licensing regime:

i) The major telecom companies are forming IP-I companies and hiving off their existing telecom tower assets to such IP-I companies, prime motive being reduction of attendant incidence of licence fee on revenues earned from sharing of their telecom infrastructure.

ii) They can also be permitted to provide active infrastructure, independent of the service providers which is presently not permitted.

iii) Since IP-I has not been issued licence under Section 4, these companies cannot seek Right of Way (RoW) as provided in the Indian Telegraph Act, 1885.

iv) Presently, an IP-I is not permitted to setup/ install Radio Access Network of its own, as it has not been assigned access spectrum and accordingly not granted the Wireless Telegraphy (WT) licence.

v) Bringing IP-I under licence regime will facilitate the installation and maintenance of complete Radio Access Network by the infrastructure providers for use of the access providers, along with spectrum for providing backhaul through microwave systems which can be offered to service providers on sharing basis.

vi) This will facilitate setting up of complete Tower site (active & passive components along with wireless equipment) by infrastructure providers, which they can offer to the prospective telecom operator on lease.

vii) This will generate more revenue to the Government in terms of licence fee.

(c) No decision has been taken on the recommendation of TRAI to bring IP-I service providers under licencing regime, who are currently unlicensed but registered passive infrastructure providers.

(d) At present 398 companies are registered as Infrastructure Provider category -I.