

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

UNSTARRED QUESTION NO:642

ANSWERED ON:07.08.2013

FDI IN TELECOM

Bajirao Shri Patil Padamsinha ;Bali Ram Dr. ;Das Gupta Shri Gurudas;M.Thambidurai Dr. ;Panda Shri Prabodh

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

- (a) whether the Government has raised or proposes to raise the Foreign Direct Investment (FDI) in telecom sector from existing 74% where 49% is done through automatic route and rest requiring nod from foreign investment promotion board;
- (b) if so, the details thereof and the reasons therefor;
- (c) the extent upto which the increase in FDI limit in the telecom sector is likely to help in lowering the financial burden of the industry;
- (d) whether the stakeholders have been consulted in this regard; and
- (e) if so, the reaction of various stakeholders thereon and the response of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI MILIND DEORA)

- (a) & (b) The Government has approved raising of FDI cap from 74% to 100% for all telecom services including telecom infrastructure providers with 49% under automatic route, and beyond 49% through Foreign Investment Promotion Board (FIPB) subject to observance of security and licence conditions by licensee as well as investors as notified by the Department of Telecommunications (DoT) from time to time.
- (c) The enhancement of FDI cap is expected to facilitate capital inflows as well as ability of existing service providers to access lower cost financing.
- (d) & (e) The policy on FDI is reviewed on an ongoing basis, through a consultative process, so as to facilitate FDI inflows. The Government has held consultations with concerned Ministries including Ministry of Home Affairs to address the issues raised.