

# Telecom Hotline

February 02, 2005

## GOVT CLEARS 74% FDI IN TELECOM

The Government, today, cleared the proposal to raise the Foreign Direct Investment (FDI) limit in the telecom sector in India from the earlier 49% to 74%, subject to certain conditions. Some of the conditions that have been made public are that 50% of the directors must be resident Indians; the CEO, CFO and the CTO must also be resident Indians; there must be one Indian promoter with 10% stake at all times. Further, there are certain other conditions with respect to routing of calls and reporting of traffic to regulatory authorities.

*The Government has been toying with raising the FDI allowed in the telecom sector for a while. Today's decision is a welcome move for the advancement of the telecom sector in India, which is a rapidly growing sector and urgently requires substantial investment to upgrade telecom infrastructure and services. This decision would also lead to more consolidation in the sector.*

Vivek Kathpalia

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