

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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