

Central Govt. notifies 100% FDI in the Telecom Sector

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The government recently notified its decision to permit 100% foreign direct investment (FDI) under automatic route in the telecom services sector.

The Centre had earlier announced 100% FDI in the telecom sector through the automatic route as part of its comprehensive package for the telecom sector.

Key Highlights

- Till now, only 49% of FDI was allowed through the automatic route and anything beyond it had to mandatorily go through the government route.
- This comes over a year after the union government notified changes in the FDI rules in April 2020, which made prior approval of the government mandates for foreign investments from countries that share a border with India, including Pakistan, China, Bangladesh and Nepal among others.
- The Centre has already allowed FDI through automatic routes in many sectors. However, in sectors such as defence, media, pharmaceuticals and insurance, government approval is needed for foreign investors.
- All telecom services including infrastructure providers will be covered under the new regime of FDI investments.
- The government has infused life into the debt-ridden telecom, with a series of reliefs including on computing dues relating to AGR, a four-year moratorium on dues, and the option for the government to convert dues into equity after the moratorium period

expires.

SOURCE: *Livemint, The Hindu*