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Foreign Direct Investment Policies in the Liberalised Telecom Sector of India- A Review

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ABSTRACT : *The Indian telecom network is the second largest in the world after China. In the year 1991 the Government of India put forward liberalization policies. This affected the telecom sector also with a hike in competition rate-especially in the case of cellular services, which can capture the attention of various foreign investors. When compared to the initial years there is huge hike in the case of FDI inflows in 2009-10. Mauritius has the highest FDI in Indian telecom sector. When compared to Mauritius Singapore's investment is very low. In Telecom sector there is no steady improvement in Foreign Direct Investment (FDI).*

I. INTRODUCTION

The Indian telecom network is the second largest in the world after China. With the adoption of liberalization policy in telecom sector, it could attract more FDI in this sector, and increase private sector participation in total telephone connections of the nation. In the year 1999 the share of private operators was 5 per cent. In the year 2011 December, it was reached to 86 per cent. A competitive stimulus brought forward through the liberalization and subsequent FDI policies could make a hike on telecom penetration together with a substantial reduction in tariffs. Indian telecom industry has undergone a revolutionary phase over the past few years. FDI is usually portrayed as an economic blessing that countries should strive to increase. FDI in some sectors can weaken governments vis-a-vis foreign corporations, which can exercise considerable influence over public policy through control of information and management decisions. FDI in sectors like essential services can actually undermine the balance of payments. In India, like in most other countries, telecom was originally the exclusive preserve of the Government. With the initial opening up of the sector to private capital, a large number of international telecom majors were interested in entering the Indian market. There was the belief that the telecom sector was set to take off, and there was a worldwide scramble for telecom licenses. This led to gross over bibbing by the companies, or perhaps strategic bidding – high prices to keep out others and subsequently petitioning the government for lowering license fees. This in India led to the revenue sharing arrangement decided by the lame duck.

II. FDI IN TELECOM SECTOR

In the year 1991 the Government of India put forward liberalization policies. This affected the telecom sector also with a hike in competition rate-especially in the case of cellular services, which can capture the attention of various foreign investors. Foreign ownership in telecom in India came in with the 1994 tender for basic and cellular services through which the private parties were to be given licenses for various telecom circles. The tender conditions specified that only companies registered in India could quote. However it allowed companies to be joint ventures with a cap of 49% for foreign ownership. It might be noted that the license condition also specifies this cap and it is not a cap on direct foreign equity but on total foreign equity, therefore is a cap on both direct and indirect foreign equity. During the period April 2000-November 2012 the government took many policy initiatives to liberalize the FDI policy for the services sector. These include liberalizing the policy on foreign investment for companies operating in the broadcasting sector, like increasing the foreign investment limit from 49 per cent to 74 per cent in teleports (setting up up-linking HUBs/teleports) and direct to home (DTH) and cable networks, and permitting foreign investment (FI) up to 74 per cent in mobile TV; permitting foreign airlines to make foreign investment and up to 49 per cent in scheduled and non-scheduled air transport services. Hutchison, Idea, Bharti, BPL and Spice have emerged winners from the government's decision to increase the FDI limit in telecom Service providers. The investors, who are the beneficiaries of increasing FDI limit, are of the view that attracting foreign investment will help to increase the growth and telecom penetration in the country, and increased FDI limit can remove a large hurdle in the expansion of the Indian Telecom companies. From the beginning, some of the private operators and financial interests have been arguing for lifting this cap. International agencies such as IMF and the World Bank had also advocated the removal of such restrictions. The other voices in favour of lifting the foreign ownership cap had been the cellular, operators and also various foreign financial institutions. However, in spite of repeated attempts, the Indian Government had resisted such moves, mainly on security considerations till the year 2013.

On 1st August,2013 in a major reform push, government approved 100 per cent FDI in the telecom sector, meeting a key demand of the fund-starved industry. It has been decided to increase FDI cap in telecom to 100 per cent from 74, up to 49 through automatic route and beyond that FIPB. The idea behind increasing the FDI limit in the telecom sector is to help the industry get fresh funds to lower financial burden. The moves brings relief for foreign partners in telecom companies as they can have complete ownership of the business. Industry analysts believe 100 per cent FDI in the telecom sector can attract investment of USD 10 billion in near to long term. The decision was warmly welcomed by Telecom majors Reliance Communications, Russian conglomerate controlled Sistema controlled SSTL, Malaysian firm Maxis controlled Aircel, Norwegian firm Telenor.

Telecom is a highly Capital intensive sector. Through the invitation of FDI in this sector the companies can access foreign capital markets to serve the hinterland and bringing affordable telecom services. Through FDI, hike would channelise more funds into telecom, apart from increasing the flexibility of the operators. Increasing FDI limit in telecom sector would allow telecom players to raise fresh capital for the growth and development of telecom infrastructure. The activity of merger and acquisition in this sector can be increased through the increased FDI limit. The decision of the government to increase the FDI limit in this sector would result in large –scale funds coming into the Indian telecom market. Indian Telecom sector has shown high growth rates and the funds that will come in will facilitate the process of network expansion. The FDI, as defined, shall be subject to the laws of India and not only other country. Most analysts agree that the expectation of telecom expansion far exceeded reality and this is what led to the crash of companies such as Worldcom.The proposal to lift FDI limits had been welcomed by the COAI, who had been asking for removal of FDI caps for quite some time. It has also been welcomed by a number of investment bankers – ABN Amro, ICICI and HSBC among others- who have indicted that such a measure will allow s ome of the current operators to sell out to foreign companies. In Apr-Jun FY12 FDI into India's services sector triples to $2.19 bln. In first 2 months of fiscal 2012 Foreign Investment Inflows rise to $9.74 bln.

III. REVIEW OF LITERATURE

The following study papers and articles were reviewed in this study.

Preetha (2011), in the study paper on FDI in Telecom Sector presented an overview of FDI in Indian Telecom sector. This paper examined the current status of FDI in the Indian telecommunication sector and the issues facing foreign companies, seeking to invest in the Indian telecommunication sector. The paper concluded with a brief economic examination of the factors influencing the level of FDI. Chennappa.D (2005), in his research paper discussed the FDI in Telecom sector in Indian. Through this paper the author opined that among the listed countries, most of them allowed FDI after the tele-density and the per-capita incomes had gone up to certain levels, when compared to them, India lagged behind on both tele-density and per- capita income levels. India, therefore, needed to strengthen the domestic manufacturing units and niche market first of all and increasing FDI cap is not sufficient for increasing higher rural tele-density.Chennappa D (2005), in his article on FDI opined that the higher FDI had led to the increase of urban tele-density. He suggested that liberal entry policy of FDI could go long way in encouraging foreign investment in infrastructure but not hacking the FDI cap from 74 per cent to 100 percent. He was also of the opinion that the liberalization with foreign equity (FDI) had led to the reduction of tariff significantly in mobile and long distance services.

IV. SIGNIFICANCE OF THE STUDY

The argument for lifting FDI caps has been that India requires very large amounts of capital to rapidly expand its telecom infrastructure. According to some foreign investment consultants, without FDI flows, India would have shortage of capital and not be able to increase its Tele-density, to levels achieved by countries such as Philippines, Thailand, let alone China, which is far ahead of India in terms of Tele-density. None of these agencies have thought fit to explain why all these countries that have telecom growths far in excess of India still maintain FDI restrictions in their countries. Estimates showed that an investment of about Rs. 50, 000crores was required in the sector in the years 2005 to 2007 for keeping pace with the growing demand. Since such funds were not available in the domestic market, telecom operators had demanded the FDI limit be raised beyond 49 per cent. The government was of the view that raising money from domestic market was more expensive than internationally. The central argument is that India's slow growth is due to a lack of capital. While this may have been true when DOT was strictly a Government Department and all its expansion came only from its surplus (DOT had virtually had Zero budgetary support from the Government and was not allowed to raise loans), currently it is able to raise money from the capital and loan markets. The argument that there is a need for foreign capital has very little relevance to the expansion of the telecom infrastructure but for making large speculative gains: a quick sale of the existing cellular license holders equity instead of staying for the long haul.

In the liberalised era a study focussed on FDI in telecom sector possesses more importance as the services of telecom sector are essential services of one nation.

V. OBJECTIVES

[1] To analyse the FDI policies in Telecom sector of India.
[2] To study the growth of FDI in telecom sector after liberalization.
[3] To analyse the sector wise FDI in Indian Telecom Sector.
[4] To study the FDI of various countries in Indian Telecom Sector.

VI. METHODOLOGY

The study is based on secondary data collected from various sources like research journals, records of Department of Telecommunication, Annual reports, etc. The period of study covers from the years from 2000–2013. Through this study, India's FDI policy in telecom sector, FDI inflows in telecom sector from various countries and in various telecom sectors were also analysed.

VII. RESEARCH RESULTS

(i) FDI Policy

India has lived up to its image of being one of the most attractive foreign direct investments (FDI) destinations. FDI has been one of the main drivers of continuous growth in the Indian telecom sector. In 2005, the government decided to increase the limit in the telecom sector to 74% from 49%. Additionally, the government has permitted 100% FDI in the areas of telecom equipment manufacturing and provision of IT-enabled services. In the telecom sector, FDI up to 49% was allowed under automatic route and beyond that up to 74% was permitted through the Foreign Investment Promotion Board (FIPB), a government body. Telecom Commission, the highest decision-making body of the department of telecom (DoT), approved 100% foreign direct investment in the telecom sector in the year 2013. The Government reviewed the Foreign Direct Investment (FDI) caps and /or routs in Telecom sector, as contained in paragraph 6.2 of 'Circular 1 of 2013-Consolidated FDI Policy'. The revised position is given as under:

Table No:1
REVISED FDI POLICY OF TELECOM SECTOR IN INDIA

	FDI Cap	Entry Route
Telecom Services (including Telecom Infrastructure Providers Category-1) All telecom services (including Telecom Infrastructure Providers Category-1) Basic and cellular, United Access Services, Unified Licence (Access Services), National/International Long Distance, Commercial V-SAT, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) All types of ISP licences, Voice Mail/Audio tex /UMS,Resale of IPLC, Mobile Number Portability services, Infrastructure Provider providing dark fibre, right of way, duct space, tower (Category- I) except other service providers.	100%	Automatic up to 49% Beyond 49% Government (FIPB)
Other conditions: FDI up to 100% with 49% under automatic route and beyond 49% through FIPB route subject to observance of licensing and security conditions by licensee as well as investors as notified by the Department of Telecommunications(DOT) from time to time.		

Source: http://www.dot.gov.in

In accordance with the previous FDI policy Basic and cellular, Unified Access Services, National/International Long Distance, V-SAT, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added telecom services were allowed 74per cent FDI cap, which was subject to the consolidated FDI policy circular No. 2/2010 of DIPP and the highest FDI was allowed in manufacturing telecom equipments and infrastructure providing sectors. The FDI cap in these sectors was 100%. But, as per the revised FDI policy all telecom services including Basic and Cellular, United Access Services, Unified Licence (Access Services), National/International Long Distance, Commercial V-SAT, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), all types of ISP licences, Voice Mail/Audio tex /UMS,Resale of IPLC, Mobile Number Portability services, Infrastructure Provider providing dark fibre, right of way, duct space, tower (Category- I) except other service providers are allowed 100% FDI cap.

(ii) Year-wise FDI inflows

Foreign Direct Investment in telecom sector in India has increased by 49.9 per cent to $1988.7million during April-December, 2011 against $1326.7 million in same period in the previous year. This is significant that the sector witnessed maximum chaos in the year 2010-2011. On 4th February, 2005 cabinet cased the ceiling on Foreign Direct Investment (FDI) in the telecom sector to the 74 per cent from 49 per cent. Before allowing hike in FDI in this sector the foreign investment was Rs. 10, 000crores with the increase in FDI hike strict conditions have been imposed by the government. FDI in the telecom sector was expected to double in 2006. Cellular Operators Association of India (COAI) had claimed that without large flows of FDI Indian telecom sector could not increase its Tele-density to 7 per hundred, the target for 2005. The Tele-density in India has grown much more rapidly when the FDI in the sector have been relatively low and in fact when a number of foreign investors have exited from India. In three years, (from March 2001 to March 2004), it doubled its Tele-density from 3.64 to 7.8 meeting the target of a Tele-density of 7, one year before the targeted 2005 schedule. India's telecom sector received Rs 54.345 billion (around $1.118 billion) in foreign direct investment (FDI) during the first quarter (April-June) of the financial year 2011-12. In the last financial year 2010-11, the sector had received Rs 75.42 billion as FDI, whereas during 2009-10 and 2008-09, FDI investment into the country was reported at Rs 122.697 billion and Rs 116.848 billion, respectively. FDI received in telecom sector in India from April 2000 to March 2011 reached to Rs.48,220 crores which amounts 8 percent share in the total FDI of Rs.580,722 crores received in the country.The following table shows that the year 2009-10 faced the highest FDI inflow in Telecom Sector, which was Rs. 12338. 32crores. The financial year 2003-04 has the lowest FDI inflows in this sector, which was Rs. 397.84 crores.

Table No: 2
Financial Year Wise Fdi Equity Inflows In Telecom Sector
From April 2000 To October 2013

Sl No:	Year (Apr-Mar)	In Rs. Crore	% change
1	2000-01	784.16	-
2	2001-02	3,938.46	402.25
3	2002-03	907.73	-76.95
4	2003-04	397.84	-56.17
5	2004-05	541.10	36.01
6	2005-06	2,751.45	408.49
7	2006-07	2,149.58	-21.87
8	2007-08	5,099.56	137.24
9	2008-09	11,684.81	129.13
10	2009-10	12,269.66	5.01
11	2010-11	7,542.04	-38.53
12	2011-12	9,011.53	19.48
13	2012-13	1,654.30	-81.64
14	2013-14(Apr-Oct)	197.16	-
Grand Total		58,929.38	

Note: Amount includes the Inflows received through SIA/FIPB route, acquisition of existing shares and RBI's automatic route only.

Source: http:// www.dot.gov.in

In FY 2009-10, telecom attracted USD 2.5bn FDI (10% of total FDI). The table indicates that the financial year 2012-13 faced the lowest FDI inflow (Rs 1654.30 crore) in this sector after 2004-2005. The financial years 2002-03, 2003-04, 2006-07, 2010-11 also have negative inflows of FDI in Telecom Sector. The industry has excellent future prospects, but can re-attract investors only if it can create stable long term policies and a conducive atmosphere for Government and industry to work as partners – not as adversaries.

(iii) Sector-wise FDI inflows

BSNL and MTNL network capacity is underutilized, indicating that we are already seeing the building up of over capacity in the Indian network. Therefore, we need to be cautious that we do not promote wasteful duplication of expenditure in the name of competition. The trend is by no means over, with AT & T pulling out of the domestic long distance market. In India, while we must encourage competition wherever requires, we must not allow it to take place in a way that these companies turn sick. The specious argument that lifting FDI caps is vital for increased capital flows is being put forward by the cellular lobby as they want to exit from the market making windfall profits. With the ongoing investments into infrastructure deployment, the country is projected to witness high penetration of Internet, broadband, and mobile subscribers. We have also identified India as the fastest growing country in terms of Internet users. Moreover, mobile telephony continues to fuel growth of the Indian telecom sector, with mobile subscribers anticipated to grow at a CAGR of around 11% during 2009-10 to 2013-14.

Table No: 3

SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS

Sl. No:	Sector	Amount of FDI inflows(in Rs.crore) Year			Cumulative inflows (April 2000 to july 2013	%age to total FDI inflows
		2011-12 (April-March)	2012-13 (April-March)	2013-14 (April-July,13)		
1	Services sector (includes Financial, Banking, Insurance, Non- Financial/ Business outsourcing, R&D, Courier, Tech.Testing and analysis)	24656	26306	5770	178,045.57	19.10
2	Construction Development (Townships, Housing, Built-up infrastructure and Construction development projects)	15236	7248	2092	103,140.99	11.20
3	Telecommunications (Radio paging, Cellular, Mobile, Basic telephone services)	9012	1654	66	58,797.85	6.42
4	Computer Software & Hardware	3804	2656	1244	54,018.53	5.94
5	Drugs and Pharmaceuticals	14605	6011	5453	54,332.65	5.65

Source: RBI Bulletin

Table No: 3 shows that Telecom Sector possesses the 3rd position in attracting FDI. As per the accounts up to July, 2013 Telecom sector could attract FDI of Rs. 58,797.85 crore which is the 6.42 per cent of the total FDI inflow of the country. When compared to other two sectors this amount is very low. With 858 million wireless connections, the Indian telecom system has become the second largest wireless network in the world by surpassing the US and only behind China. Over 46 percent of total wireless subscribers in India were capable of accessing wireless internet at the end of March 2011 as against 30.44 per cent a year ago.

Table No: 4

SECTOR-WISE FDI EQUITY INFLOWS

	Sector	***Amount of FDI Inflows*** ***(In Rs. crore)*** From April 2000 to August 2010.	***(In Rs. crore)*** From April 2000 to October 2013.	***%age of Total Inflows*** 2000-10	2000-13
1.	**Telecommunications**	15,354.29	19,365.26	2.88	2.07
2.	**Radio paging**	26.25	27.30	0.00	0.00
3.	**Cellular mobile/basic telephone services**	28,097.08	29,785.91	5.13	3.15
4.	**Other (telecom)**	2,017.32	9,750.91	0.36	1.03
	Sector Total	**45,494.95**	**58,929.38**	**8.38**	**6.26**

Source: http://www.dot.gov.in

The Table N0.4 shows that cellular mobile and basic telephone services have attainted Rs.28, 097.08 and 29785.91 crores up to August 2010 and October 2013 respectively, which is the highest percentage of FDI in total Telecom Sector (5.13 per cent and 3.15 per cent in 2000-10 and 2000-13 respectively). The FDI inflows in Radio paging are Rs. 26.25crores and 27.30crores up to August 2010 and October 2013 respectively.

(iv) Country-wise FDI inflows

The extension of the dead line till March 31st, 2007 for telecom operators to comply with the guidelines for an increased FDI of 74 per cent followed representations from the U.S Trade Representative (USTR) and other stake holders to alter norms relating to repair by remote access, appointment of foreigners in top positions in telecom companies and veto powers to Indian share holders with 10 per cent equity in joint ventures. The DOT also wanted to do away with the veto power enjoyed by Indian share holders with 10 per cent equity in joint ventures, but Indian companies and other ministries did not support the proposal. DOT was pushing for appointment of foreigners in key positions in telecom companies subject to security clearance from the Home Ministry annually. The government began rewriting the FDI norms after U.S and other sections expressed concern. The ban on foreign equipment manufacturers to repair faults through remote access inorder to preclude the possibility of spying or controlling the network from abroad was objected. None of the foreign players made much of the 49 percent FDI cap during the initial stage, knowing that a demand for outright foreign ownership would probably run the risk of derailing their entry itself. They were quite happy to get a 49 per cent ownership, well beyond what the US offers. The foreign investors ran into a crisis when their parent companies got into red. Companies such as Worldcom went spectacularly bust; AT & T withdrew from the domestic market segment in the US and many other telecom companies found themselves in deep trouble. The exodus of firms the Indian market had little to do with the problems here and much more to the state of the finances of those firms.

Table No: 5
COUNTRY-WISE FDI INFLOWS

Sl.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows		Change in %age with inflows
		(In Rs. crore) From April 2000 to August 2010.	(In Rs. crore) From April 2000 to October 2013.	2000-10	2000-13	
1	Mauritius	29,883.09	41,136.65	66.28	70.18	3.9
2	Singapore	6,642.95	7,136.97	14.32	11.94	-2.38
3	Russia	1,902.39	1902.39	3.95	3.06	-0.89
4	Japan	1,533.44	1567.47	3.14	2.49	-0.65
5	U.S.A.	1,059.76	1283.07	2.35	2.18	-0.17
6	Country Details Awaited	801.56	801.83	1.82	1.41	-0.41
7	Cyprus	764.79	1186.64	1.62	1.96	0.34
8	U.K.	433.44	1098.74	0.94	1.88	0.94
9	NRI(As Individual Investor)	333.01	333.01	0.77	0.60	-0.17
10	Netherlands	269.56	376.89	0.61	0.66	0.05
11	Germany	242.04	423.15	0.59	0.78	0.19
12	U.A.E.	232.30	230.40	0.49	0.38	-0.11
13	British Virgin	221.71	223.64	0.47	0.37	-0.10
14	Australia	179.99	185.67	0.40	0.32	-0.08
15	Spain	174.48	174.49	0.40	0.31	-0.09
16	Hong Kong	113.63	115.80	0.25	0.20	-0.05
17	Korea(South)	93.85	93.91	0.20	0.16	-0.04
18	Thailand	73.51	73.51	0.17	0.13	-0.04
19	France	70.72	70.84	0.17	0.13	-0.04
20	Cayman Islands	78.73	53.05	0.17	0.09	-0.08
21	Sweden	67.02	67.60	0.16	0.12	-0.04
22	Italy	60.81	61.98	0.14	0.11	-0.03

23	New Zealand	56.89	56.89	0.12	0.10	-0.02
24	Switzerland	44.41	47.19	0.10	0.08	-0.02
25	South Africa	40.13	40.78	0.08	0.07	-0.01
26	Finland	31.33	31.33	0.07	0.05	-0.02
27	Taiwan	17.36	20.83	0.04	0.04	0.00
28	The Bermudas	17.15	26.01	0.04	0.04	0.00
29	Maldives	10.89	19.61	0.02	0.03	0.01
30	Saudi Arabia	8.10	8.10	0.02	0.01	-0.01
31	Bahamas	8.17	8.17	0.02	0.01	-0.01
32	Kuwait	6.34	6.34	0.01	0.01	0.00
33	Chile	4.50	4.50	0.01	0.01	0.00
34	Seychelles	3.49	3.49	0.01	0.01	0.00
35	Czech Republic	3.17	3.17	0.01	0.01	0.00
36	Korea(North)	2.15	2.15	0.00	0.00	0.00
37	Greece	1.38	1.38	0.00	0.00	0.00
38	Israel	1.43	2.54	0.00	0.00	0.00
39	Liechtenstein	1.20	1.20	0.00	0.00	0.00
40	China	0.98	0.98	0.00	0.00	0.00
41	Canada	0.63	0.64	0.00	0.00	0.00
42	Bulgaria	0.63	0.63	0.00	0.00	0.00
43	Oman	0.45	0.01	0.00	0.00	0.00
44	Sri Lanka	0.47	0.47	0.00	0.00	0.00
45	Philippines	0.38	0.38	0.00	0.00	0.00
46	Malaysia	0.32	5.85	0.00	0.01	0.01
47	Ireland	0.10	1.33	0.00	0.00	0.00
48	Belgium	0.09	0.09	0.00	0.00	0.00
49	Qatar	0.02	2.99	0.00	0.00	0.00
50	British Isles	_	33.15	_	0.06	-
51	Denmark	_	1.22	_	0.00	-
52	Luxembourg	_	0.24	_	0.00	-
53	Turkey	_	0.04	_	0.00	-
Grand Total		**45,494.95**	**58929.38**			

Source: http://www.dot.gov.in

Note: Amount includes the inflows received through SIA/FIPB route, acquisition of existing shares and RBI's automatic route only.

'*' : Complete/Separate data on NRI investment is not maintained by RBI. However, the above FDI Inflows data on NRI investment, includes Investment by NRIs, who have disclosed their status as NRI, at the time of making their investment.

The table shows that Mauritius possess the first position in the investment for the period April 2000 to October 2013. Her investment in Indian telecom sector has increased to Rs.41,136.65crore. The second position goes to Singapore. But the change is in negative. Turkey has the lowest investment in Indian telecom sector, which is Rs 0.04crores. From the above table it is seen that after the financial year 2009-10 there are four new countries (British Isles, Turkey, Luxembourg, and Denmark) which have entered into India's Telecom sector to make investment.

(v) FINDINGS

The following major findings are emerged from the study.

[1] In Telecom sector there is no steady improvement in Foreign Direct Investment (FDI).

[2] More liberalisation in policies could not bring huge hike in FDI in Telecom sector.

[3] When compared to the other financial years there is huge hike in the case of FDI inflows in 2009-10.
[4] FDIs in manufacturing of telecom equipments and infrastructure provider providing dark fibre, right of way, duct space, and tower are more.
[5] The highest FDI inflows in Telecom Sector of India go to cellular mobile and basic telephone services. In the case of radio paging FDI is very low.
[6] Telecom sector possesses the 3rd position in attracting FDI in India. But the rate is very low when compared to the previous period (2000-10).
[7] While considering the country-wise FDI inflows Mauritius has the highest FDI in Indian Telecom sector and it is remarkable also. Even though Singapore possesses the second position in FDI in the sector it's investment is very low when compared to Mauritius's FDI. Turkey has the lowest investment in this case.

VIII. CONCLUSION

The growth opportunities are able to attract significant FDI in the telecom sector. Instead, it can be seen in Telecom sector that the confidence of investors in this industry is now at an all time low (in 2012-13 and in 2013-14). This is evident from the decreasing FDI. Telecom sector in India has been facing ups and downs in FDI. Hiking FDI limit from 74 per cent to 100 per cent in the telecom sector will not make much of a difference as foreign investors would continue to exercise control in more or less the same attitude as they did when the cap was 74 per cent. FDI is expected to provide a much-needed boost to the sector and is likely to attract huge investments in the near to long-term. There is an expectation for further consolidation and buy-outs in the telecom space as cashed up foreign telecom companies may seek to buy out smaller players as the entry barriers will have significantly reduced. They would like stay invested in the company for good returns on investment. Foreign firms that have majority stake in Indian telecom companies look at buying entire stake of their minority partners to have free hand in business decision making. Question of exit will only arise if there is huge cash crunch. But there will be security issues if complete ownership of the company goes to foreign hands. India should not condone the problems those were confounded by Oil and Gas Company and Cococola Company at Plachimada. A high-powered committee, chaired by Arvind Mayaram, secretary in the department of economic affairs in the Ministry of Finance, suggested more liberal FDI norms for telecommunications and the suggestion came into force when the Cabinet approved it. Even as the home ministry warned against removing any restrictions on FDI in certain critical sectors, citing security concerns, this decision was introduced.

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