

## **Govt opens FDI Floodgates to Boost economy, Rupee**

BUSINESS HOUR FDI in telecom raised to 100%, insurance cap hiked as well

A government desperate to spur the economy and stem the rupee's slide relaxed the investment caps for foreign investors in a range of sectors on Tuesday including telecom, high-tech defence production and insurance.

Prime Minister Manmohan Singh and his senior colleagues overhauled India's foreign direct investment (FDI) policy in a two-hour meeting, most notably raising the cap in the telecom sector to 100% from 74%.

In the case of defence production, the cabinet committee on security (CCS) will approve proposals on case-to-case basis beyond the existing 26%, which are likely to result in "access to modern state-of-the-art technology in the country".

The government has also decided to raise the FDI cap in the insurance sector to 49%, subject to legislative amendments by Parliament. Cabinet is set to approve these decisions at a meeting next week.

The ruling UPA faces a toxic mix of high inflation, a falling currency and poor economic growth at the worst possible time — key state elections are just months away, and national polls less than a year distant.

*(Hindustan Times)*