

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:381

ANSWERED ON:20.08.2001

RAISING OF FOREIGN DIRECT INVESTMENT LIMIT IN DOMESTIC AIRLINES

CHANDRAKANT BHAURAO KHAIRE

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government have decided to raise Foreign Direct Investment limit in domestic airlines;

(b) if so, the details thereof; and

(c) whether the decision in this regard has since been implemented?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a) (b) & (c): A statement is laid on the Table of the Sabha.

Statement in reply to Part (a), (b) and (c) of Lok Sabha Starred Question No.381 for 20.8.2001 regarding raising of foreign direct investment limit in domestic airlines

(a), (b) and (c): No, Sir. In January, 1997, new domestic air transport policy was adopted by the Government. As regards foreign equity participation, it was decided in April, 1997 that foreign equity should be limited upto 40% in the domestic air transport sector. However, the investment from Non Resident Indian (NRI) and Overseas Corporate Bodies (OCB) were permitted upto 100%. It was also decided at that time that the equity from foreign airlines will not be allowed directly or indirectly in this sector.

2. The issue of foreign equity participation in different sectors including civil aviation was subsequently reviewed in the Government in February, 2000. After detailed discussions it was decided on 9th February, 2001 to continue the existing FDI cap and conditions for the present, since any substantive change at that stage could have impacted the ongoing disinvestment process of Air India and Indian Airlines Ltd.