

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1544

ANSWERED ON:09.12.2004

FDI IN CIVIL AVIATION SECTOR

Adhalrao Patil Shri Shivaji;Gaikwad Shri Eknath Mahadeo;Narhire Smt. Kalpana Ramesh;Owaisi Shri Asaduddin;Patil Shri Balasaheb Vikhe;Scindia Shri Jyotiraditya Madhavrao;Shiwankar Shri Maha Deo Rao;Singh Shri Mohan

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has finally approved the Foreign direct Investment from 40% to 49% for the modernisation, expansion and development of airports;
- (b) if so, the details thereof alongwith the extent of FDI secured;
- (c) whether this hike in FDI is only meant for domestic airlines and foreign civil aviation companies and Airlines are not permitted to take up equity participation;
- (d) if so, whether the Government has reviewed all the security aspects of aviation sectors of Air Force;
- (e) if so, the details thereof;
- (f) whether increasing FDI in the aviation sector is likely to put stiff competition for state owned Indian Airlines and Air India; and
- (g) if so, the steps taken or being taken by the Government to fight competition in the aviation sector?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) & (b):- The Government of India has increased the Foreign Direct Investment (FDI) limits in 'Air Transport Services (Domestic Airlines)' from 40 to 49%. The policy on airport infrastructure provides for foreign equity participation upto 74% with automatic approvals and upto 100% with special permission. However in respect of restructuring of Delhi and Mumbai airports, foreign equity participation is restricted to 49%.

(c):- No direct or indirect equity participation by foreign airlines is allowed in Air Transport Services (Domestic Airlines)

(d) and (e):- Since foreign airlines have not been permitted equity participation in the domestic airlines, no fresh security issues arise.

(f):- No, Sir. Indian Airlines and Air India are already operating in a highly competitive environment.

(g):- Does not arise.