

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:366

ANSWERED ON:19.08.2010

FDI IN AVIATION SECTOR

Bhagora Shri Tarachand;Mahant Dr. Charan Das

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Foreign Direct Investment (FDI) policy in the Civil Aviation Sector was reviewed in the recent past;
- (b) if so, the details thereof;
- (c) whether the Government proposes to allow foreign airlines to take up 26 per cent stake in domestic airlines;
- (d) if so, the details thereof and the reasons therefor;
- (e) whether allowing 26 per cent FDI in foreign airlines is likely to be a threat/ disincentive to the national carrier; and
- (f) if so, the reaction of the Government thereto?

Answer

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

(a) to (f):- The Statement is laid on the table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN REPLY TO STARRED QUESTION NO.366 DATED 19-08-2010 REGARDING FDI IN AVIATION SECTOR.

(a) and (b):- Yes, Madam. The Policy on foreign equity participation in the domestic air transport services has been revised w.e.f. 31-01-2008. The present limit of Foreign Direct Investment (FDI) in aviation sector are as under:

Airports:

Greenfield Projects: FDI upto 100% is allowed under the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation. Existing Projects: FDI upto 100% is allowed, however beyond 74% FDI, approval of FIPB is required and also subject to sectoral regulations notified by Ministry of Civil Aviation.

Air Transport Services:

(i) Scheduled Air Transport Service/Domestic Scheduled Passenger Airline – FDI upto 49% and investment by Non-Resident Indians (NRI) upto 100% allowed on the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation and no direct or indirect participation by any foreign airlines.

(ii): Non-Scheduled Air Transport Service/Non-Scheduled airlines, Chartered airlines and Cargo airlines: FDI upto 74% and investment by Non-Resident Indian (NRI) upto 100% allowed on the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation and no direct or indirect participation by any foreign airlines in Non-scheduled and Chatered airlines. Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines.

(iii) Helicopter services/seaplane services – FDI upto 100% allowed on the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation and approval of Directorate General of Civil Aviation (DGCA).Foreign airlines are allowed to participate in the equity of companies operating Helicopter and Seaplane Services.

Other services under Civil Aviation Sector:

(i) Ground Handling Services: FDI upto 74% and investment by Non-Resident Indians (NRI) upto 100% allowed on the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation and security clearance.

(ii) Maintenance and Repair Organizations – FDI upto 100% allowed on the automatic route subject to sectoral regulations notified by Ministry of Civil Aviation.

(iii) Flying training Institutes and Technical Training Institutions – FDI upto 100% allowed on the automatic route subject to sectoral

regulations notified by Ministry of Civil Aviation and approval of DGCA.

(c) to (f):- The proposal to allow foreign airlines to invest in domestic airline is being examined.