

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:847

ANSWERED ON:19.03.2012

FDI IN DOMESTIC AIRLINES

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Dharmshi Shri Babar Gajanan;Singh Shri Dushyant;Yadav Shri Dharmendra

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether the Government has allowed 49 per cent Foreign Direct Investment in domestic airlines;
- (b) if so, the details thereof;
- (c) whether the Takeover Code of the Securities and Exchange Board of India requires an entity acquiring 25 per cent or more equity in a listed company to mandatorily make an open offer for another 26 per cent to ensure individual shareholders too get an exit route;
- (d) if so, whether the Government has noticed any violation of breaching the 49 per cent FDI cap in the case of domestic airlines carriers and if so, the details thereof; and
- (e) the corrective steps taken by the Union Government in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): As per extant FDI policy, as contained in paragraph 6.2.9 of 'Circular 2 of 2011- Consolidated FDI Policy', issued by the Department of Industrial Policy & Promotion (DIPP), FDI is permitted in Air Transport Services, which include Domestic Scheduled Passenger Airlines, Non-Scheduled Air Transport Services, helicopter and seaplane services, subject to specified conditions.

The level of FDI, permitted in Scheduled Air Transport Services/ Domestic Scheduled Passenger Airlines, is as under:

Sector/Activity	% of FDI Cap/ Equity	Entry Route
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Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
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(i) No foreign airlines are allowed to participate directly or indirectly in the equity of an Air Transport Undertaking engaged in operating Scheduled and Non-Scheduled Air Transport Services except Cargo airlines.

(ii) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services.

(c): Yes Sir. As per regulation 3(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, pursuant to an acquisition, if the shareholding or the voting rights of an acquirer together with persons acting in concert crosses 25 percent of the voting rights of the company, the acquirer has to make a Public Announcement of an open offer for acquiring at least twenty six per cent of the total shares of the company, so that individual shareholders get an exit route.

(d): No case of violation of breaching the 49 per cent FDI cap in the case of domestic airlines carriers has been brought to the notice of Department of Industrial Policy & Promotion.

(e): Does not arise.