

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

UNSTARRED QUESTION NO:3629

ANSWERED ON:03.09.2012

FDI IN AIRLINES

Jakhar Shri Badri Ram ;Rao Shri Kavuri Samba Siva

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

- (a) whether the Government proposes to allow Foreign Direct Investment (FDI) in Airlines;
- (b) if so, the details thereof along with their benefits likely to be extended to loss-making Air India;
- (c) whether the Government has allowed the proposals of foreign investment Bank Goldman Sachs to invest in Airlines/foreign carrier;
- (d) if so, the details thereof;
- (e) whether the Government has proposed to change the FDI sectoral caps in Micro, Small and Medium Enterprises (MSME); and
- (f) if so, the details thereof?

Answer

THE MINISTER OF 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 1 of 2012 - Consolidated FDI Policy', FDI is permitted in Air Transport Services, including Domestic Scheduled Passenger Airlines, Non-Scheduled Air Transport Services, helicopter and seaplane services, subject to the following conditions:

No foreign airlines would be 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.

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

The level of FDI permitted in the aforesaid activities under Air Transport Services is as follows:

Sector/Activity	% of FDI Cap/Equity	Entry Route
-----------------	---------------------	-------------

(1) Scheduled Air Transport Services/ Domestic Scheduled Passenger Airlines	49% FDI (100% for NRIs)	Automatic
---	-------------------------	-----------

(2) Non-Scheduled Air Transport Services	74% FDI (100% for NRIs)	Automatic up to 49% Government route
	beyond 49% and up to 74%	

(3) Helicopter services/ seaplane services	100%	Automatic
requiring DGCA approval		

(c)& (d): The Foreign Investment Promotion Board (FIPB) has issued approval dated 2.12.2008 to M/s Spicejet Ltd., New Delhi, to receive foreign investment from M/s GS Investment Partners (Mauritius) I Limited and/ or GS Investment Partners (Mauritius) II Limited, both owned by M/s Goldman Sachs Investment Partners Masters Fund, L.P.

(e): No, Madam.

(f): Does not arise.