

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2022

ANSWERED ON:05.12.2012

REVIVAL OF CIVIL AVIATION INDUSTRY

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government proposes any fresh measures to revive the Civil Aviation Industry;
- (b) if so, the details thereof, segmentwise, airline-wise;
- (c) the current status of the proposal to allow international aviation companies/ foreign airlines to invest in domestic sector;and
- (d) the details of foreign airlines that have shown interest in this regard and the response of the Government thereto?

Answer

Minister of State in the Ministry of CIVIL AVIATION (SHRI K. C. VENUGOPAL)

(a) to (c): The Government has taken several measures to revive the aviation industry and ensure long term viability of the sector.

(1) A Working Group was constituted under the Chairmanship of Secretary, Civil Aviation with Secretary, M/o Petroleum & Natural Gas, Secretary, Financial Services, DGFT, Finance Secretary and Joint Secretary, Civil Aviation to discuss the factors causing stress in civil aviation and suggest solutions to the same. Based on its recommendations following step have been taken by government.

(i) The issue of rationalization of VAT on ATF, has been taken up with the State Govts.

(ii) Director General of Foreign Trade has allowed direct import of ATF by airlines on actual user basis.

(iii) The Ministry has undertaken a study of ATF pricing and fiscal structure through experts. The report has been submitted to Ministry of Civil Aviation.

(iv) Foreign airlines have been allowed to invest in the equity of domestic carriers up to 49 percent.

(2) ECB upto \$ USD 1 billion has been permitted for the airlines to meet their working capital requirement.

(d): No such proposal is under consideration of the Ministry.