

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:903

ANSWERED ON:08.08.2013

INVESTMENT BY FOREIGN AIRLINES

Alagiri Shri S. ;Dhruvanarayana Shri R. ;Ganpatrao Shri Jadhav Prataprao;Mahendrasinh Shri Chauhan ;Patil Shri C. R.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has decided to open foreign direct investment for operation of domestic airlines;
- (b) if so, the details thereof and the reasons therefor;
- (c) the details of the proposals sanctioned by the Government in this regard;and
- (d) whether such permission to foreign players to invest in domestic airlines is likely to affect the national carriers like Air India and if so, the details thereof and the steps taken/proposed to be taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI K. C. VENUGOPAL)

(a) and (b) Yes, Madam. Government has decided to permit foreign airlines to invest in the capital of Indian companies, operating scheduled and nonscheduled air transport services, up to the limit of 49 percent of their paid-up capital. The purpose of removing the existing restriction on investment by foreign airlines is to bring in strategic investors, as few private equity investors would be willing to invest in a risky business like civil aviation.

(c) The Govt. has approved the following Foreign Direct Investment proposals:

(i) Investment by M/s. Air Asia Investment Ltd., Malaysia (Subsidiary of Air Asia Berhad) in the Joint Venture Company in India together with Telestra Tradeplace Private Limited and Tata Sons Ltd.

(ii) Investment by Farnair in the Quickjet Cargo airline.

(d) Impact of the same on Air India can be assessed only after operationalization of these airlines. However, Air India regularly reviews the impact of such tie-ups and accordingly re-engineers its fleet planning, route network and other commercial decisions.