

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3783
(To be answered on the 3rd January 2019)**

LIBERALIZATION OF AIR SERVICE

3783. DR. MANOJ RAJORIA

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has taken steps for the liberalization of air services with intent to provide an enabling and conducive environment for enhanced connectivity;
- (b) if so, the details thereof; and
- (c) the impact of these steps are likely to have on trade, investment and cultural exchange?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

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- (a)&(b): With a view to promote the growth of Indian Aviation sector in a significant manner, the Government released the National Civil Aviation Policy (NCAP) 2016 on 15.06.2016. The aim of the Government is to provide an ecosystem for the harmonised growth of various aviation subsectors, i.e. Airlines, Airports, Cargo, Maintenance Repairs and Overhaul services (MRO), General Aviation, Aerospace Manufacturing, Skill Development, etc. In compliance of NCAP-2016, broad steps taken are as under:
- i) Introduction of Regional Connectivity Scheme (RCS) - UDAN (Ude Desh ka Aam Nagrik) with an aim to facilitate/stimulate Regional air connectivity by making it affordable.
 - ii) Revival of un-served or under-served routes under RCS - UDAN.
 - iii) Introduction of a new Category 'Schedule Commuter Operator' under Commercial Air Transport Operations.
 - iv) Rationalization of Category-I routes under Route Dispersal Guidelines (RDGs) on the basis of criteria given in NCAP 2016.
 - v) The requirement for 5/20 is modified and all airlines can commence international operations provided that they deploy 20 aircraft or 20% of total capacity (in terms of average number of seats on all departure put together) whichever is higher for domestic operations.

vi) Liberalization of domestic code share points in India within the framework of Air Service Agreements (ASA).

vii) With a view to modernize the existing airports so as to establish a high standard and facilitate in easing the pressure on the existing airports, 100% Foreign Direct Investment (FDI) under automatic route has now been allowed in Brownfield Airport projects. This move would also serve in further developing the domestic aviation infrastructure. Further, FDI limit for Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline has been raised from 49% to 100%, with FDI up to 49% being permitted under automatic route and FDI beyond 49% through Government approval. For Non-Resident Indians (NRI's), 100% FDI will continue to be allowed under automatic route. However, foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air transport services up to the limit of 49% of their paid up capital and subject to the laid down conditions in the existing policy. Increasing the FDI limit for these aviation services shall not only encourage competition by lowering prices but shall also accord choice to consumers.

(c): India is likely to become the third largest aviation market, globally around 2024 as per International Air Transport Association (IATA) forecast. According to IATA, in terms of origin-destination passengers from 2017 to 2037, 414 million new passengers will be added that will result in a total of 572 million passengers in 2037.
