

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 741  
(To be answered on the 7<sup>th</sup> February 2019)**

**SUSTAINABLE GROWTH OF INDIA AIRLINES**

**741. SHRI VINCENT H.PALA**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) the details to ensure sustainable growth for the Indian aviation sector given the increasing reported losses by major carriers;
- (b) whether the Government plans to help the air carriers to obtain unsecured credit line from OMCs (Oil Marketing Companies) as well as airports; and
- (c) if so, the details thereof?

**ANSWER**

**Minister of State in the Ministry of CIVIL AVIATION**

**नागर विमानन मंत्रालय में राज्य मंत्री**

**(Shri Jayant Sinha)**

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- (a) to (c): With a view to promote the growth of Indian aviation sector in a significant manner, the Government has 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). With a view to aid in modernization of the existing airports to establish a high standard and help ease 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% 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.**

**Further, the airline industry is a dynamic industry which requires continuous adjustment according to global & domestic needs. The Government has constantly been responding to industry conditions and undertaking specific measures to facilitate and enable growth of the sector. Steps also include reduction of Central Excise Duty applicable on Aviation Turbine Fuel (ATF) from 14% to 11% w.e.f. 11th October 2018 and rationalization of GST provisions, with a view to revive the airline industry.**

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