

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1121
(TO BE ANSWERED ON THE 10th March 2025)

DEFENCE AND AEROSPACE SECTOR

1121. SMT MAYA NAROLIYA
DR. BHIM SINGH

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) whether Government has formulated any specific strategies or plans to increase FDI inflows in the defence and aerospace sector in the future and if so, the details thereof; and
- (b) whether the steps taken by Government have resulted in any growth or improvement in the indigenous aviation and equipment manufacturing sector in the country, and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Murlidhar Mohol)

(a) & (b): To promote FDI, the Government has put in place an investor friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. More than 90% of the FDI inflow is received under the automatic route. With respect to the defence and aerospace sector the extant FDI policy is as follows:

FDI in Defence sector is allowed under automatic route up to 74% and beyond 74% under the Government Approval Route subject to Industrial license under the Industries (Development & Regulation) Act, 1951 and Manufacturing of small arms and ammunition under the Arms Act, 1959 and other conditions under Para 5.2.6.2 of the FDI Policy. In Civil Aviation sector, FDI is allowed up to 100% under the automatic route subject to stipulated conditions. One of the key reforms is allowing up to 100% foreign direct investment (FDI) in domestic airlines, with foreign airlines permitted to invest up to 49%.

This has enabled domestic airlines to access greater capital, facilitating fleet expansion and service improvements. Additionally, foreign investments have opened up opportunities for partnerships with international airlines, benefiting both the domestic and international aviation sectors. Further, the policy permits 100%

FDI in airport infrastructure and ground handling services. This has attracted foreign players to invest in modernizing airports and improving ground services, enhancing overall passenger experience and efficiency. These policy adjustments have led to the growth of both domestic and international airlines while improving the country's aviation infrastructure.
