

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2234
(To be answered on the 8th March 2018)**

FDI in Aviation Sector

2234. SHRI MALLIKARJUN KHARGE

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has granted the approval to permit Foreign Direct Investment (FDI) for the development of civil aviation sector in the country particularly in Air India;
- (b) if so, the details thereof including the proposals received and approved by the Government in this regard, proposal-wise;
- (c) whether the Government has made any assessment of the impact of FDI on the development of this sector in the country; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) and (b): As per the FDI policy of 2013, foreign airlines were allowed to invest under Government approval route in the capital of Indian companies operating scheduled and Non-Scheduled Air Transport Services, up to the limit of 49% of their paid-up capital. However, this provision was not applicable to M/s Air India Ltd.

Department of Industrial Policy and Promotion, vide its Press Note 1 (2018) dated 23.1.2018, has allowed foreign investment(s) in Air India, including that of foreign airline(s), up to 49% either directly or indirectly, subject to the condition that Substantial Ownership and Effective Control of Air India shall continue to be vested in Indian nationals. The said provision will be effective from the date of issue of Foreign Exchange Management Act notification in this regard.

(c) and (d): Foreign Direct Investment (FDI) is largely a matter of private business decisions. FDI inflows depend on a host of factors such as availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors, hence, no assessment of the impact of FDI on the development of the sector in the country, can be made.
