

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 2063  
(To be answered on the 22<sup>nd</sup> September 2020)**

**HIKE OF FDI IN AVIATION SECTOR**

**2063. SHRI SISIR KUMAR ADHIKARI**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether the Government proposes to hike FDI over 75 percent in the aviation sector and if so, reasons therefor;
- (b) whether the Government has received proposal from foreign entities on disinvestment of Air India and if so, the details thereof;
- (c) whether any objections have been received from foreign part and if so, the details thereof;
- (d) whether Tata group has showed interest in Air India and submitted proposals thereof and if so, the details thereof;
- (e) whether the Government has any plan to run the PSU professionally towards profit making industry and if so, the details thereof; and
- (f) whether the Government has taken any initiative to revive the jet airways and if so, the details thereof?

**ANSWER**

**Minister of State (IC) in the Ministry of CIVIL AVIATION**

**नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)**

**(Shri Hardeep Singh Puri)**

**(a): As per consolidated Foreign Direct Investment (FDI) Policy 2017 and Press Note of 2020 in respect of review of FDI Policy on Civil Aviation, the percentage of equity/FDI cap in Civil Aviation sector which includes Airports, Air Transport Services and other services under Civil Aviation sector is 100% subject to certain conditions as mentioned in the Policy. In case of scheduled airline, the entry route is automatic up to 49% and through Government route beyond 49%. In case of NRIs, the entry route is automatic upto 100%. Further, the Scheduled Air Transport Services need to comply with the condition as per Schedule XI of Aircraft Rules, 1937 which stipulates as under:**

- (a) it is registered and has its principal place of business within India**

**(b) the Chairman and at least two-thirds of its Directors are citizens of India and**

**(c) its substantial ownership and effective control is vested in Indian nationals**

**Further, the foreign airlines are allowed to invest up to the limit of 49% of their paid up capital which would be subject to additional conditions stipulated under FDI Policy.**

**Foreign investment in M/s Air India Ltd. shall be subject to the following conditions:**

**(i) Foreign investment(s) in M/s Air India Ltd., including that of foreign airline(s) shall not exceed 49% either directly or indirectly except in case of those NRIs, who are Indian Nationals, where foreign investment(s) is permitted up to 100% under automatic route.**

**(ii) Substantial ownership and effective control of M/s Air India Ltd. shall continue to be vested in Indian nationals as stipulated in Aircraft Rules, 1937.**

**(b) to (d): The Preliminary Information Memorandum (PIM) for inviting Expression of Interest for sale of 100% equity share capital of Air India Limited (AIL) including AIL's 100% shareholding in the Air India Express Limited (AIXL) and 50% shareholding in Air India SATS Airport Services Private Limited (AISATS) has been issued on 27.01.2020. However, in view of prevailing situation arising out of COVID 19, last date for submission of EOIs has been extended to 30.10.2020. As per process of the disinvestment, the Expression of interest in response to PIM by any group or entity will be submitted to the Transaction Advisor. The date of intimation to Qualified Interested Bidders has also been extended to 20.11.2020.**

**(e): The Government is committed to the disinvestment of Air India. In order to effectively prepare Air India for disinvestment, the Government prepared a plan to bring operational and financial efficiency in Air India. This Plan focuses on the financial and operational efficiencies so that substantial increase in revenue or cost saving could be achieved. Also, operational and financial performance parameters and milestones as fixed by the Government are regularly being reviewed.**

**(f): Each airline prepares its business plan on the basis of their own market assessment and liabilities. Based on their business plan, efficient operations and financial resources are the responsibility of the Airlines. Government of India has no role in raising funds for M/s Jet Airways (India) Limited as it is an internal matter of the airline.**

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