

GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 1999  
(To be answered on the 28<sup>th</sup> July 2016)

FOREIGN OWNERSHIP OF DOMESTIC AIRLINES

1999. DR. SHRIKANT EKNATH SHINDE  
SHRI K. ASHOK KUMAR  
SHRI ADHALRAO PATIL SHIVAJIRAO  
SHRI DHARMENDRA YADAV  
SHRI ASADUDDIN OWASI  
SHRI M. CHANDRAKASI

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether airlines with a majority of foreign ownership would not be allowed to fly on international routes, if so, the details thereof;
- (b) whether the bilateral air traffic agreements that India has signed with most of the countries have Substantial Ownership and Effective Control (SOEC) clause which may not permit the airlines with majority of foreign ownership to fly abroad from the country;
- (c) if so, the details thereof and its likely impact on Foreign Direct Investment (FDI) in aviation sector and number of countries with which India has signed bilateral air traffic agreement;
- (d) whether the Government has held discussions with Department of Industrial Policy and Promotion (DIPP) in order to clear confusion on FDI and SOEC and if so, the details thereof and the circular to this effect issued by DIPP;
- (e) whether the Government proposes to amend the rules related to SOEC and if so, the time by which a final decision is likely to be taken in this regard;
- (f) whether Air-Asia is being micromanaged by its Malaysian partner in contravention of rule provisions, if so, the details thereof; and
- (g) whether any monitoring body is functional to oversee the foreign companies who have invested in civil aviation sector under the new policy and 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) No such decision has been taken by the Government.**

**(b) The existing Air Services Agreements are based on SOEC clause.**

**(c) India has signed bilateral Air Services Agreement with 109 countries. It provides that Substantial Ownership and Effective Control (SOEC) of the airline is vested with the nationals of the country. However, it is too early to assess its impact on FDI as the Policy has been just announced.**

**(d) & (e) A meeting between Department of Industrial Policy and Promotion(DIPP) and Ministry of Civil Avition's officials was held on 06th July, 2016, inter-alia to discuss about the amendments/modifications in the existing rules and regulations that are required to be made in the light of the new FDI policy announced by the Government for civil aviation sector. No circular has been issued by DIPP in this regard subsequent to the said meeting. The objective is to align the rules and regulations of Civil Aviation Sector with the FDI policy of the Government.**

**(f) No such evidence has come to the knowledge of the Government.**

**(g) No need has been felt for any separate monitoring body.**

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