Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 4 (2008)

Subject: FDI Policy for the Civil Aviation Sector

The present policy of FDI in the Civil Aviation sector covers Airports and Air Transport Services. The Civil Aviation sector, however, includes Airports, Scheduled and Non-Scheduled domestic passenger airlines, Helicopter services / Seaplane services, Ground Handling Services, Maintenance and Repair organizations; Flying training institutes; and Technical training institutions. It has now been decided to amplify and lay down the policy for Foreign Direct Investment (FDI) for the Civil Aviation sector.

2. Definitions

The policy for FDI in the Civil Aviation Sector would be subject to the Aircraft Rules, 1934 as amended from time to time, Civil Aviation Requirements, and Aeronautical Information Circulars as notified by the Ministry of Civil Aviation. In terms of these Rules/Circulars:-

(a) "Airport" means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;

(b) "Aerodrome" means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure of aircraft, and includes all buildings, sheds, vessels, piers and other structures thereon or appertaining thereto;

(c) "Air transport service" means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or series of flights.

(d) "Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward.

(e) "Aircraft component" means any part, the soundness and correct functioning of which, when fitted to an aircraft, is essential to the

continued airworthiness or safety of the aircraft and includes any item of equipment;

(f) "Helicopter" means a heavier-than -air aircraft supported in flight by the reactions of the air on one or more power driven rotors on substantially vertical axis;

(g) "Scheduled air transport service", means an air transport service undertaken between the same two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognisably systematic series, each flight being open to use by members of the public.

(h) "Non-Scheduled Air Transport service" means any service which is not a scheduled air transport service and will include Chartered and Cargo airlines.

(i) "Chartered" and "Cargo" airlines would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation.

(j) "Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water;

(k) "Ground Handling" means (i) ramp handling , (ii) traffic handling both of which shall include the activities as specified by the Ministry of Civil Aviation through the Aeronautical Information Circulars from time to time, and (iii) any other activity specified by the Central Government to be a part of either ramp handling or traffic handling.

3 Policy for FDI in Civil Aviation sector

3.1 **Airports**: As per the policy notified vide Press Note 4 (2006)-

(a) Greenfield projects- FDI upto 100% is allowed under the automatic route.

(b) Existing projects- FDI upto 100% is allowed with prior approval of the Government for FDI beyond 74%.

3.2 **Air Transport Services**:

(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Airlines; Chartered Airlines; Cargo Airlines; helicopter and seaplane services.

(b) No foreign airlines would be allowed to participate directly or indirectly in the equity of an Air Transport Undertaking engaged in operating Scheduled, Non-Scheduled, and Chartered airlines.

(c) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services.

3.3 **FDI ceilings in Air Transport Services**:

(a) **Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline** - FDI up to 49% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route.

(b) **Non-Scheduled Air Transport Service/ Non-Scheduled airlines, Chartered airlines, and Cargo airlines**- FDI up to 74% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route.

(c) **Helicopter services/seaplane services requiring DGCA approval**- FDI up to 100% allowed on the automatic route.

3.4 **FDI ceilings in other services under Civil Aviation sector**

(a) **Ground Handling Services**- FDI up to 74% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route. This will be subject to sectoral regulations and security clearance.

(b) **Maintenance and Repair organizations; flying training institutes; and technical training institutions** - FDI up to 100% allowed on the automatic route.

4. FDI Policy announced vide Annex to Press Note 4(2006) dated 10th February 2006 stands modified to the above extent.

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GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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