

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai - 400 001**

November 25, 2016

CORRIGENDUM

In the Notification of Reserve Bank of India, Foreign Exchange Department No. [FEMA.362/2016-RB dated February 15, 2016](#) bearing G.S.R.No.166 (E) and published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) (hereinafter referred as Gazette Notification)

2. In paragraph 2(C) (iv), S. No. 9.3 and 9.3.1 shall be substituted as under:

9.3	Air Transport Services		
	(1) (a) Scheduled Air Transport Service/Domestic Scheduled Passenger Airline	49%	Automatic
	(b) Regional Air Transport Service	(100% for NRIs)	
	(2) Non-Scheduled Air Transport Service	100%	Automatic
	(3) Helicopter services/ seaplane services requiring DGCA approval	100%	Automatic
9.3.1	Other Conditions		
	<p>(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services.</p> <p>(b) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services, as per the limits and entry routes mentioned above.</p> <p>(c) Foreign airlines are also allowed to invest 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. Such investment would be subject to the following conditions:</p> <p>(i) It would be made under the Government approval route.</p> <p>(ii) The 49% limit will subsume FDI and FII/FPI investment.</p> <p>(iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/ Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations.</p> <p>(iv) A Scheduled Operator's Permit can be granted only to a company:</p> <p style="margin-left: 40px;">a) <i>that is registered and has its principal place of business within India;</i></p> <p style="margin-left: 40px;">b) <i>the Chairman and at least two-thirds of the Directors of which are citizens of India; and</i></p> <p style="margin-left: 40px;">c) <i>the substantial ownership and effective control of which is vested in Indian nationals.</i></p> <p>(v) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and</p> <p>(vi) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation.</p>		

Note: (i) The FDI limits/entry routes, mentioned at paragraph 9.3(1) and 9.3(2) above, are applicable in the situation where there is no investment by foreign airlines.

(ii) The dispensation for NRIs regarding FDI up to 100% will also continue in respect of the investment regime specified at paragraph 9.3.1(c) (ii) above.

(iii) The policy mentioned at 9.3.1(c) above is not applicable to M/s Air India Limited

3. The other contents of the Gazette Notification shall remain unchanged.

(Shekhar Bhatnagar)
Chief General Manager-in-Charge

Published in the Official Gazette of
Government of India – Extraordinary
– Part-II, Section 3, Sub-Section (i)
dated 25.11.2016- G.S.R.No.
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