

# Centre open to 100% stake sale in Air India – Times of India

NEW DELHI: The government may be willing to completely exit loss-making Air India during the sell-off process, although a final decision will be taken by a panel of ministers, a top official indicated on Saturday.

“A general feeling (in the government) is that if people want to have full (control), let them have it. But I will be able to tell you only when a specific decision is taken. My personal view is that I do not see any conflict for the government,” department of investment and public asset management (DIPAM) secretary Atanu Chakraborty said.

The government recently restarted the process to sell Air India after putting it on hold last year due to poor response, although volatility in crude prices was cited as the reason. While Niti Aayog had proposed the sale of entire stake, the government had offered 74% stake to a strategic investor, which was seen as one of the reasons for low interest level.

The decision on the quantum of stake to be offered will now be taken by a panel of ministers as the government looks to close the deal before the end of the current financial year. “We would now like to do it much faster, having done most of the paper work,” Chakraborty said.

Along with a “reiteration” for the Air India stake sale, finance minister Nirmala Sitharaman had also announced a review of the foreign direct investment ceiling for the aviation sector, a move which is expected to allow greater shareholding by foreign carriers, who can currently buy up to 49%.

“My understanding is that FDI in aviation is 100%. The cap is again on substantial ownership and effective control (SOEC) guidelines, which is 49% and certain directorships. The second cap is on Air India as a nationally owned carrier. Once it is not nationally owned it will go through 100% so that’s a signal in the budget. SOEC is much more complicated because there is some reciprocity, there are a lot of issues involved that the budget does not mention. That’s an issue which needs to be grappled with,” the secretary said.

The SOEC norms are seen as a stumbling block in the aviation sector as the 100% FDI cap is of little use given that control of the Indian carrier has to remain with Indians. Chakraborty, however, said that interest in Air India may not be missing due to the SOEC norms, given that Etihad had invested in now-defunct Jet Airways and may still return through the insolvency process.

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