

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1297
(TO BE ANSWERED ON THE 19th December 2022)**

MRO WORK OF CIVIL AVIATION SECTOR

1297. SHRI SANJAY SINGH

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) whether Government is aware that nearly 90 per cent of the MRO work of civil aviation sector in India is outsourced to other countries;
- (b) if so, the details thereof;
- (c) the details of loss of employment opportunities in the country and additional expenditure due to this outsourcing; and
- (d) the details and status of efforts made by Government to check outsourcing of these MRO works and increase resources in this regard in India itself?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(GEN. (DR) V. K. SINGH (RETD))

(a) to (c): As per industry estimates, around 85% of MRO activities are done abroad in Centres certified by OEMs. Expenditure on MRO work comprises 75 - 80% value on components and 15 - 20% on Labour charges. Components are procured from Original Equipment Manufacturers (OEMs) only due to stringent Regulations and Warranty issues from OEMs and Lessors.

(d) The key developments and initiatives undertaken by the Government to encourage growth of domestic MRO sector and enhance the commercial attractiveness of MROs in India include:

- i. Government has announced new MRO Guidelines on 1st September, 2021 with a view to create a congenial atmosphere in the country for the development of the MRO industry for aircraft/ helicopter/ drones and their engines and other parts. These guidelines inter-alia provide for transparency in the allotment of land at AAI airports through call of open tenders and doing away with levy of any royalty or cess of whatsoever nature on MRO operators. The new guidelines would further encourage the MRO organizations and OEMs to setup workshops in India and create a conducive environment towards making India a global hub of MRO.
- ii. GST on MRO has been reduced from 18% to 5% with full Input Tax Credit from 1st April, 2020
- iii. Transactions sub-contracted by foreign original equipment manufacturers

(OEMs)/ MRO to domestic MRO are treated as 'exports' with zero-rated GST from 1st April, 2020

iv.Exempted Customs Duty on tools and tool kits

v.Reduced Goods and Services Tax rates on various spare parts, accessories, and consumables

vi. Simplified clearance processing of parts

vii. Relaxed restriction on utilization of duty-free parts from one year to three years

viii. Extended stay in India of foreign aircraft for entire duration of MRO work or 6 months, whichever is lesser

ix. Revised the Notification to enable export of serviceable parts

x. 100% Foreign Direct Investment permitted via automatic route for MRO

xi. Liberalized policy for borrowing and lending in Foreign Currency and Rupees on competitive terms for MROs

xii. Modalities prescribed for concessional temporary imports of spare parts by foreign airlines for repair of their aircraft in transit.
