

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Rajya Sabha
UNSTARRED QUESTION NO. : 651
TO BE ANSWERED ON THE 29th July 2024
DEVELOPING INDIAN AVIATION SECTOR

651. SHRI SANJAY RAUT

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

- (a) the steps being taken to encourage international partnerships and investments in the Indian Aviation sector;**
- (b) the manner in which Government is addressing the challenges faced by Indian airlines in international markets due to the financial crisis; and**
- (c) the plans to enhance bilateral air service agreements to boost the international operations of Indian airlines?**

ANSWER

**Minister of State in the Ministry of CIVIL AVIATION
(Shri Murlidhar Mohol)**

(a) and (b) The Government aims to provide a conducive ecosystem for overall growth of the Indian aviation sector and has taken various initiatives to support the industry and encourage investments. The initiatives taken include:

i. In a major boost to the domestic MRO industry and to the aviation sector, the Government has announced that a uniform rate of 5% IGST will apply to imports of Parts components, testing equipment, tools and tool-kits of aircraft, irrespective of their HSN classification subject to specified conditions.

ii. As part of the announcements made in Union Budget 2024-25, the period for export of goods, imported for repairs has been extended from six months to one year. Also, the time-limit for re-import of goods for repairs under warranty has been extended from three to five years.

- iii. 21 Greenfield airports have been accorded in-principle approval to be set up across the country, out of which 12 airports have been operationalised. During FY24, new terminal buildings at 21 airports (including of Rajkot Greenfield Airport) have been operationalised which has led to an overall increase in passenger handling capacity of these airports by approx. 62 million passengers per annum.**
- iv. To promote regional equity, the "Ude Desh Ka Aam Nagrik" (UDAN) scheme launched in 2016 has facilitated the travel of over 141 lakh domestic passengers across various 579 Regional Connectivity Scheme (RCS) routes connecting 85 unserved and underserved airports since its inception.**
- v. A conducive aircraft leasing and financing environment has been enabled through Budget incentives for India's lone IFSC in GIFT CITY.**
- vi. The issue of high value added tax (VAT) on ATF levied by States/ Union Territories (UTs) has been taken up with States/ UTs resulting in reduction of VAT by 19 States/ UTs.**
- vii. New MRO Guidelines announced on 1st September, 2021 inter alia abolish royalties and build in transparency and certainty in land allotments for MROs.**
- viii. 100% Foreign Direct Investment permitted via automatic route for MRO.**

(c) Enhancement of bilateral air service agreements is a continuous process and depends upon many factors such as benefits to the Indian aviation sector, presence of Indian diaspora in the respective country, future plans of Indian carriers, elements of reciprocity, balance of benefits and other relevant factors between two countries.

Indian Airlines are free to select whatever markets and network they wish to service and operate within the ambit of bilateral agreements. The airlines provide air services to specific places depending upon the traffic demand and commercial viability. The start of international flights from any point in India is purely a commercial decision of the airlines based on the slot availability, market requirement, economic viability of operations etc.
