

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1128
(TO BE ANSWERED ON THE 10th March 2025)**

FINANCIAL LOSSES AND CHALLENGES

1128. MS. DOLA SEN

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

- (a) whether Government is aware of the forecast by Investment Information and Credit Agency (ICRA) that Indian aviation industry is expected to incur a net loss of Rs. 2,000 to Rs. 3,000 crore in FY25-26 due to supply chain disruptions and engine-related issues;
- (b) if so, related steps being taken by Government to address these persistent supply chain and engine challenges, including collaborations with Original Equipment Manufacturers (OEMs) and other stakeholders;
- (c) whether any relief measures or policy interventions are being considered to mitigate financial strain on aviation sector and support airlines; and
- (d) if so, details thereof and if not, reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Murlidhar Mohol)

- (a) and (b) Airlines face various operational issues which sometimes include supply chain issues on spares/components from vendors and OEMs (Original Equipment Manufacturer). A number of aircraft were unable to fly in the recent past due to supply chain, maintenance issues and safety concerns, for instance, A320 NEO family aircraft fitted with Pratt & Whitney (P&W) engines. The details of losses incurred by the Indian Aviation Industry due to Supply chain disruption and engine related issues are not maintained by this Ministry. However, the losses of the Scheduled Indian Airlines/Operators for the year 2023-24 (Provisional) is 924 Cr Indian Rupees. MoCA/ DGCA is continuously following up with P&W and advised them to consider the following on an emergent basis:
- i. Enhance their overall MRO capacity.
 - ii. Create additional footprint by commissioning MRO(s), commensurate to their fleet in India.
 - iii. Expand their vendor base of material and spares to minimize delays in turnaround time.
 - iv. Suitably divert their available resources from production to overhaul/ repair of

existing fleet.

v. Investigate and mitigate the fresh issues such as Integrally Bladed Rotors (IBR) bluing to avoid Post-test engine rejections.

Moreover DGCA, the Aviation Regulator has permitted to import aircraft under wet lease provisions to increase the availability of operating aircraft to boost the aviation market.

(c) and (d) The Government has taken several proactive measures to boost the Indian civil aviation sector which include:

i. The National Civil Aviation Policy, 2016 seeks to provide a conducive ecosystem for overall growth of the Indian aviation sector in a harmonised manner that includes growth of all its sub-sectors.

ii. The Government has put in place a set of policy provisions for broad-based development of aircraft MRO in India. There are many incentives /rebates like Exempted Customs Duty, Simplified clearance processing, land allotment etc. that have been provided under the NCAP-2016 for development of MRO sector in India. The Government announced new MRO guidelines on September 1, 2021 which inter alia abolish royalties and build in transparency and certainty in land allotments for MROs in AAI airports.

iii. Government has reduced the taxes (IGST) on imports of aircraft components and aircraft engine parts to 5% from the earlier rates which were from 5% to 28%. Also, the period for export of goods imported for repairs has been extended from six months to one year and the time-limit for reimport of goods for repairs under warranty has been extended from three to five years.
