

GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
**RAJYA SABHA**

**STARRED QUESTION NO. : 326**

TO BE ANSWERED ON THE 23rd March 2026

**CENTRAL INCENTIVES FOR AEROSPACE AND DEFENCE  
MANUFACTURING CLUSTERS IN AP**

326. SHRI MASTHAN RAO YADAV BEEDHA

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

- (a) whether any central incentives, clearances or approvals have been granted for the newly proposed aerospace and defence manufacturing clusters announced by the Government of Andhra Pradesh in mid-2025;
- (b) if so, the details thereof, including the nature of incentives, number of firms approved, investment committed and expected timelines for commencement;
- (c) if not, whether Government proposes to include Andhra Pradesh under any forthcoming national scheme or policy framework for aerospace and defence manufacturing;
- (d) the criteria adopted by the Central Government for extending cluster-based incentives to States; and
- (e) how the proposals submitted by Andhra Pradesh stands as compare with these criteria?

**ANSWER**

Minister of CIVIL AVIATION (Shri Kinjarapu Rammohan Naidu)

(a) to (e) A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) IN RESPECT OF RAJYA SABHA STARRED QUESTION NO. 326 FOR REPLY ON 23.03.2026 REGARDING "CENTRAL INCENTIVES FOR AEROSPACE AND DEFENCE MANUFACTURING CLUSTERS IN AP" ASKED BY SHRI MASTHAN RAO YADAV BEEDHA

(a) to (e) The Government has taken several measures for establishing indigenous aerospace manufacturing ecosystem in the country which also include tax-related incentives such as:

i. Nil Basic Customs Duty (BCD) has been provided for components or parts including engines, of aircraft for manufacture of aircraft and for manufacture of parts for manufacturing the said aircraft.

ii. BCD exemption for parts, testing equipment, tools and tool-kits for Maintenance, Repair and Overhaul (MRO) of aircraft, components or parts of aircraft has been extended till 31st March, 2028.

iii. Nil BCD has also been provided for raw materials for manufacture of parts of aircraft for maintenance, repair, or overhauling of aircraft or their components or parts including engines, when imported by Public Sector Units under the Ministry of Defence.

These incentives will benefit the aerospace and defence manufacturing sector in the country. The Government of Andhra Pradesh has also notified its Aerospace & Defence Policy 2025-2030 by order no. G.O. Ms. No.111 dated 27.06.2025.

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