

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
STARRED QUESTION NO. : 389
TO BE ANSWERED ON THE 30th March 2026
PROMOTION OF DOMESTIC MRO SECTOR

389. SHRI A. D. SINGH

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

- (a) whether Government has formulated a policy to promote domestic aircraft Maintenance, Repair and Overhaul (MRO) facilities;
- (b) the quantum of foreign exchange outflow currently incurred due to dependence on overseas MROs; and
- (c) the incentives or tax reforms proposed to attract investment and make India a global MRO hub?

ANSWER

Minister of CIVIL AVIATION (Shri Kinjarapu Rammohan Naidu)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (C) IN RESPECT OF
RAJYA SABHA STARRED QUESTION NO. 389 FOR REPLY ON 30.03.2026
REGARDING "PROMOTION OF DOMESTIC MRO SECTOR" ASKED BY SHRI A.D.
SINGH

(a) to (c) The Government has taken various measures to create a conducive environment for the development of aircraft Maintenance, Repair and Overhaul (MRO) sector in the country and to reduce the foreign exchange outflow. These include the new MRO Guidelines announced on 1st September, 2021 which inter alia abolish royalties and create transparency and certainty in land allotments for MROs in Airports Authority of India (AAI) airports. On the taxation front, Government has reduced the taxes (IGST) on imports of aircraft components and aircraft engine parts to 5%, to make the domestic aerospace industry more competitive. GST on MRO has been reduced from 18% to 5% with full Input Tax Credit. Further, transactions sub-contracted by foreign Original Equipment Manufacturers (OEMs)/MRO to domestic MRO are treated as 'exports' with zero-rated GST. 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.

Recently as part of Union Budget 2026-27, 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. Further, BCD exemption for parts, testing equipment, tools and tool-kits for MRO of aircraft, components or parts of aircraft has been extended till 31st March, 2028.

Additionally, Safran's dedicated MRO facility has been inaugurated in Hyderabad for Leading Edge Aviation Propulsion (LEAP) engines. Further, Air India and IndiGo have started construction of major MRO facilities for civilian aircraft in Bengaluru. As a result of these incentives and development of in-house industry and capability, it is anticipated that foreign exchange outflows will reduce with time.
