GOVERNMENT OF INDIA

MINISTRY OF CIVIL AVIATION

RAJYA SABHA

UNSTARRED QUESTION NO. : 1635

TO BE ANSWERED ON THE 3rd August 2026

EXPANSION OF CIVILIAN MAINTENANCE, REPAIR, AND OVERHAUL CAPABILITIES

1635. SHRI KESRIDEVSINH JHALA

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

(a) whether Government has formulated a specific strategy to expand domestic Maintenance, Repair and Overhaul (MRO) capabilities for commercial aircraft, helicopters, engines and aviation electronics;

(b) details of policy incentives, tax rationalizations or infrastructure support provided to private and public MRO operators to make India a competitive global aviation hub;

(c) estimated reduction in lifecycle and operational costs for Indian carriers as a result of shifting of servicing from foreign facilities to domestic MROs, and

(d) projected roadmap for employment generation, skill development in aerospace engineering and boosting export opportunities through the domestic MRO sector?

ANSWER

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

(a) to (d) 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:

i. 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.

ii. Addendum to MRO Guidelines has been issued on 20.02.2026 which inter alia provides for a moratorium and rent-free period for MRO operators constructing new hangars at Airports Authority of India (AAI) airports, incentivising capital-intensive hangar infrastructure investment.

iii. 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.

iv. Government has reduced the taxes on imports of aircraft components and aircraft engine parts to 5%, to make the domestic aerospace industry more competitive (July, 2024).

v. The MRO Guidelines announced on 1st September, 2021 abolished royalties and created transparency and certainty in land allotments for MROs at AAI airports.
vi. Transactions sub-contracted by foreign Original Equipment Manufacturers (OEMs)/MROs to domestic MROs are treated as 'exports' with zero-rated GST (April, 2020).
vii. GST on MRO services has been reduced from 18% to 5% with full Input Tax Credit (April, 2020).

As a result of the above initiatives, the number of domestic MROs in India has increased from 96 in 2014 to 164 as of March 2026. This includes establishment of the Safran Aircraft Engine Services India (SAESI) facility inaugurated in Hyderabad in November 2025, which has been designed to service up to 300 Leading Edge Aviation Propulsion (LEAP) engines annually. This facility strengthens the domestic supply chain, deepens high-precision technical capabilities and fosters ancillary vendors. The expansion of the domestic MRO ecosystem also contributes to reducing operational costs for Indian carriers, enhancing employment generation, and strengthening export opportunities in the MRO sector.

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