

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
STARRED QUESTION NO. : 292  
(To be answered on the 15<sup>th</sup> March 2018)**

**High Operational Charges in Aviation Sector**

**\*292. DR. A. SAMPATH**

**Will the Minister of CIVIL AVIATION  
नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether it has come to the notice of the Government that high operational charges in the aviation sector are caused by the high cost of aviation turbine fuel, high service tax and other charges;**
- (b) if so, the details thereof;**
- (c) whether the shortage of maintenance facilities in the sector is on the rise;**
- (d) if so, the details thereof; and**
- (e) the corrective measures taken/ proposed to be taken by the Government to reduce the charges?**

**ANSWER**

**Minister of CIVIL AVIATION  
नागर विमानन मंत्री**

**(Shri Suresh Prabhu)**

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**(a) to (e): A statement is laid on the table of the House.**

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**STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO. 292, REGARDING "HIGH OPERATIONAL CHARGES IN AVIATION SECTOR" TO BE ANSWERED ON 15.03.2018**

**(a) & (b):** The cost of Aviation Turbine Fuel (ATF) constitutes approximately 35-50% of Operational cost of an airline in India. The pricing of ATF was deregulated with effect from 1st April, 2001 and the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of ATF in line with its price and other market conditions.

**(c) to (e):** The number of aircraft that are annually sent to other countries for MRO works for last three years are as follows:

Year	Aircraft
2015	93
2016	66
2017	54

However, there has been rapid increase in number of aircraft in the country, but, the number of Maintenance, Repair and Overhaul's (MRO's) have not increased proportionally specially for engine and component level maintenance. At present, only M/s AIESL, M/s Jet Airways, M/s Air Works India, Hosur, M/s GMR Aerotech, M/s Blue Dart Aviation Limited are having facilities to carry out heavy maintenance/overhaul on engines and components.

To promote the MRO activities in India to make it at par with global standards, the regulations related to approval of maintenance organizations, type training organizations and AME licensing system have been made in line with world's best practices such as those followed by European Aviation Safety Agency (EASA) standards. This will help Indian MROs to obtain EASA/Federal Aviation Administration (FAA) approval and thereby attract the business from other countries. Given our technology and skill base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines. Accordingly, the following provisions have been made in the Budget announcements for 2016-17 :

i) The tools and tool-kits used by the MRO have been exempted from Customs duty. The exemption shall be given on the basis of list the tools and tool kits certified by the Directorate General of Civil Aviation (DGCA) approved Quality Managers of aircraft maintenance organisations.

ii) MROs were required to provide proof of their requirements of parts, or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool kits for a one time certification by DGCA approved Quality Managers in MRO's.

iii) To enable economies of scale, the restriction of one year for utilization of duty free parts has been extended to three years.

iv) To allow import of unserviceable parts including aircraft components like engines and landing gears by MROs for providing exchange/advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.

v) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser, provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India. For stay beyond 6 months, DGCA's permission will be required.

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