

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Lok Sabha
UNSTARRED QUESTION NO. : 200
(TO BE ANSWERED ON THE 2nd February 2023)
MRO POLICY

200. SHRI RAJIV PRATAP RUDY
Will the Minister of CIVIL AVIATION

be pleased to state:-

- (a) whether the Government has recently released the Maintenance, Repair and Overhaul (MRO) policy for the aviation sector and if so, the details thereof;**
- (b) the current share of India in the global MRO market;**
- (c) the details of the turnover of the MRO industry in the country during the last five years and the projected growth potential in the next five years;**
- (d) whether the Government proposes to develop India into a global MRO hub destination; and**
- (e) if so, the details thereof along with the proposed timeline for such development?**

ANSWER

Minister of State in the Ministry of CIVIL AVIATION
(GEN. (DR) V. K. SINGH (RETD))

(a): Government announced new Maintenance, Repair and Overhaul (MRO) guidelines on 1st September, 2021 with a view to create a congenial atmosphere in the country for the development of the MRO industry for aircraft/ helicopter/ drones and their engines and other parts. These guidelines inter-alia provide for transparency in the allotment of land at Airports Authority of India (AAI) airports through call of open tenders and doing away with levy of any royalty or cess of whatsoever nature on MRO operators.

(b) and (c): Government does not maintain the data of share of Indian MRO market in global market and the financial information of

MRO sector. As per industry estimates, the market size of the MRO sector in India stood at around USD 2 billion and 85% of MRO work is done abroad.

(d) and (e): The Government's aim is to facilitate setting up of aircraft MRO services in India through various policy, regulatory and other incentives, which is a continuous process. The key developments and initiatives undertaken by the Government to encourage growth of domestic MRO sector and enhance the commercial attractiveness of MROs in India include:

- i. Government has announced new MRO Guidelines on 1st September, 2021 which would further encourage the MRO organizations and OEMs to setup workshops in India and create a conducive environment towards making India a global hub of MRO.**
- ii. GST on MRO has been reduced from 18% to 5% with full Input Tax Credit from 1st April, 2020.**
- iii. Transactions sub-contracted by foreign original equipment manufacturers (OEMs)/ MRO to domestic MRO are treated as 'exports' with zero-rated GST from 1st April, 2020**
- iv. Exempted Customs Duty on tools and tool kits**
- v. Reduced Goods and Services Tax rates on various spare parts, accessories, and consumables**
- vi. Simplified clearance processing of parts**
- vii. Relaxed restriction on utilization of duty-free parts from one year to three years**
- viii. Extended stay in India of foreign aircraft for entire duration of MRO work or 6 months, whichever is lesser**
- ix. Revised the Notification to enable export of serviceable parts**
- x. 100% Foreign Direct Investment permitted via automatic route for MRO**
- xi. Liberalized policy for borrowing and lending in Foreign Currency and Rupees on competitive terms for MROs**
- xii. Modalities prescribed for concessional temporary imports of spare parts by foreign airlines for repair of their aircraft in transit.**
