

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Lok Sabha
UNSTARRED QUESTION NO. : 3496
(TO BE ANSWERED ON THE 10th August 2023)
MRO SERVICES IN INDIA

3496. SHRI SUNIL BABURAO MENDHE

Will the Minister of CIVIL AVIATION

be pleased to state:-

- (a) whether the Government proposes to take steps towards making India a global hub of aircraft Maintenance, Repair and Overhaul (MRO) services so that the resultant cost savings may generate liquidity for the airline companies; and**
- (b) if so, the details thereof and if not, the reasons therefor?**

ANSWER

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

(a) and (b) The Government has taken several steps to facilitate setting up of aircraft Maintenance, Repair and Overhaul (MRO) services in India through various policy, regulatory and other incentives which include::

- i. New MRO Guidelines announced on 1st September, 2021 inter alia abolish royalties and build in transparency and certainty in land allotments for MROs.**
- 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. Liberalised 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.
