

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 266
(To be answered on the 12th March 2020)**

AIR CONNECTIVITY AND INTERNATIONAL TRADE

***266. SHRI SHANKAR LALWANI
SHRI BALLI DURGA PRASAD RAO**

Will the Minister of CIVIL AVIATION

नागर विमानतल मंत्री

be pleased to state:-

(a) whether the Government has formulated any scheme for improving air connectivity with the world to increase our international trade and if so, the details thereof; and

(b) the steps taken/proposed to be taken by the Government to solve major issues in the civil aviation sector such as the privatisation of Air India, speedier resolution of the Jet Airways crisis, inclusion of Aviation Turbine Fuel in the GST regime, liberalisation of the bilateral regime and relaxing the tax regime for the maintenance, repair and overhaul sector?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

नागर विमानतल मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a) to (b): A statement is laid on the Table of the House.

**STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN
REPLY TO STARRED QUESTION NO. 266 REGARDING AIR
CONNECTIVITY AND INTERNATIONAL TRADE.**

(a): India has adopted an open sky policy for cargo flights, under which foreign airlines are allowed to operate any number of non-scheduled all-cargo flights to/from any destination in India.

The Government has also endeavoured to include clause for open sky for cargo flights in various bilateral Air Service Agreements and in a large number of agreements, such clause has already been included.

(b): The steps taken/proposed to be taken by the Government to solve the major issues in the civil aviation sector are as under:-

i. Privatisation of Air India:

The Government, consequent to the approval by Air India Specific Alternative Mechanism (AISAM), has issued a Preliminary Information Memorandum (PIM) inviting Expression of Interest for sale of 100% equity share capital of Air India Limited (AIL), including AIL's 100% shareholding in the Air India Express Limited (AIXL) and 50% shareholding in Air India SATS Airport Services Private Limited (AISATS) on 27.01.2020. Corrigendums have been issued wherein time period upto 06.03.2020 was given for submission of written queries on PIM and Share Purchase Agreement (SPA). Last date for release of response to queries on PIM (and SPA, if so provided by the Government of India (GOI) at its discretion) is 16.03.2020. The process has been divided into two stages. In the stage I, Expression of Interest will be submitted by Interested Bidders and they will be shortlisted based on eligibility criteria and other terms mentioned in the Preliminary Information Memorandum (PIM). In the stage-II, shortlisted interested bidders will be provided with a Request for Proposal (RFP) and thereafter there will be a transparent bidding process. Expression of Interest in response to PIM by any group or entity will be submitted to the Transaction Adviser only.

ii. Resolution of the Jet Airways crisis:

Government of India has no role in raising funds for M/s Jet Airways (India) Limited, as it is the internal matter of the airline. National Company Law Tribunal (NCLT), Mumbai has admitted an application filled by State Bank of India (SBI) under the Insolvency & Bankruptcy Code, 2016 (IBC) on 20th June, 2019 to work out a resolution plan under the said code. Revival of the airline is now possible only under IBC.

iii. Inclusion of Aviation Turbine Fuel (ATF) in the GST regime:

As per Article 279 A (5) of the Constitution, the Goods and Service Tax

Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF). As per the section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council has not made any recommendation for inclusion of natural gas and ATF under GST.

iv. Liberalisation of the bilateral regime:

The Air services agreements provide the legal framework for operation of Air services between countries and are based on the principles of sovereignty of nations, nationality of carriers and reciprocity in terms of commercial opportunities for the airlines of each side. The bilateral traffic rights are exchanged between the countries after cautious negotiations within the mandate provided by an Inter-Ministerial group based on various factors.

Some of the measures taken towards liberalization of the bilateral regime include the open sky arrangement on reciprocal basis with SAARC countries and countries located beyond a 5000 km radius from New Delhi, open sky policy for the designated carriers of SAARC (except Pakistan & Afghanistan) & ASEAN countries to mount unlimited operations to/from 18 tourist destinations in India, namely, Ahmedabad, Amritsar, Aurangabad, Bhubneshwar, Calicut, Cochin, Gaya, Goa, Guwahati, Jaipur, Khajuraho, Lucknow, Patna, Port Blair, Thiruvananthapuram, Tiruchirappalli, Varanasi and Vishakapatnam.

v. Relaxing the tax regime for the maintenance, repair and overhaul (MRO) sector:

The major initiatives taken from time to time under the National Civil Aviation Policy (NCAP) 2016 and other recent ones for creation of a congenial atmosphere for broad-based development of MRO in the country, inter alia, include the following:

- ? Exempted Customs Duty on tools and tool kits,
- ? Reduced Goods and Services Tax rates on various spare parts, accessories, and consumables,
- ? Simplified clearance processing of parts,
- ? Relaxed restriction on utilization of duty-free parts from one year to three years,
- ? Extended stay in India of foreign aircraft for entire duration of MRO work or 6 months, whichever is lesser,
- ? Revised the Notification to enable export of serviceable parts,
- ? Permitted 100% Foreign Direct Investment via automatic route for MRO,
- ? Liberalised policy for borrowing and lending in Foreign Currency and Rupees on competitive terms for MROs,
- ? Prescribed modalities for concessional temporary imports of spare parts by

**foreign airlines for repair of their aircraft in transit, and
? Prescribed the policy provisions for allotment of land by Airports Authority of India (AAI) to promote MROs at AAI airports.**

Directorate General of Civil Aviation (DGCA) has framed the requirements and guidelines for granting the approval to MRO organizations under Civil Aviation Requirement (CAR) - 145 for maintaining India-registered aircraft. The regulations are based on International Civil Aviation Organization (ICAO) standards and have been harmonized with European Aviation Safety Agency (EASA) regulations. These regulations are amended from time to time based on amendment to ICAO standards and EASA regulations for enabling Indian MRO industry to obtain EASA approval/certification.

DGCA approves training organizations under the provisions of CAR-147 for skilling manpower to obtain Aircraft Maintenance Engineers (AME) licenses. Currently in India, there are 46 approved training organizations to conduct basic training and 12 type-training organizations.
