

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 5012  
(To be answered on the 25<sup>th</sup> March 2021)**

**GROWTH OF AVIATION SECTOR**

**5012. SHRIMATI HEMA MALINI**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether there is an immense possibilities for growth of aviation sector in India;
- (b) whether the Government is taking adequate measures in this regard;
- (c) if so, the details thereof;
- (d) whether the business of leasing aircraft has tremendously gone up in the world during the last several years and if so, the details thereof;
- (e) whether India should set up a robust aircraft leasing industry taking advantage of the increase in its air traffic; and
- (f) if so, the details thereof?

**ANSWER**

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

**नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)**

**(Shri Hardeep Singh Puri)**

(a) Yes, Sir. There is an immense possibility for growth of aviation sector in India. During 2019-20, Indian airports reported a total throughput (arrivals and departures, domestic and international) of approximately 34 crore passengers. Indian aviation sector has witnessed Compound Annual Growth Rate (CAGR) of 12.4% in total passengers traffic during the last 5 years in the pre-Covid period.

Due to the global devastation caused by the Covid-19 pandemic, Indian aviation has suffered too. However, it has also shown rapid recovery. The total number of domestic passengers increased from approximately 20 lakhs in June 2020 to over 73 lakhs in December 2020.

As per the estimates of Airports Authority of India (AAI), Indian airports taken together would handle a total throughput of around 400 million passengers by 2024-25.

**(b) and (c) The Government has taken several measures to stimulate the growth of aviation sector in the country which include, inter alia:**

- (i) AAI has taken up development programme to spend around Rs. 25,000 crores in next 4-5 years for expansion and modification of existing terminals, new terminals, expansion or strengthening of existing runways, aprons, Airport Navigation Services (ANS), control towers, technical blocks etc. to meet the expected growth in aviation sector.**
  - (ii) Under Regional Connectivity Scheme (RCS) - Ude Desh ka Aam Nagrik (UDAN), as on 10 March 2021, 325 routes have commenced connecting 56 unserved/underserved airports, including 2 water aerodromes and 5 heliports.**
  - (iii) Govt. of India has accorded 'In-Principle' approval to 21 Greenfield airports across the country.**
  - (iv) Domestic air services were restarted on 25 May 2020 in a calibrated manner. Initially, operations at level of 33% of the summer 2020 schedule were permitted. It was increased progressively to 45% on 26 June 2020 and to 80% on 3 Dec 2020.**
  - (v) As on 15 March 2021, exclusive air-links or Air Bubbles have been established with 27 countries. These are temporary arrangements aimed at restarting international passenger services while regular international flights remain suspended due to COVID-19. In addition, international repatriation flights are being operated on many sectors under Vande Bharat Mission.**
  - (vi) Route rationalization in the Indian airspace is being implemented in coordination with Indian Air Force for efficient airspace management, shorter routes and lower fuel consumption.**
  - (vii) Promotion of private investments in existing and new airports through the PPP route.**
  - (viii) Goods and Services Tax (GST) rate reduced to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.**
  - (ix) With a view to optimally utilise the infrastructure at AAI airports and enhance the number of licensed pilots in the country, Flying Training Organisations have been offered land at five AAI airports, namely Belagavi, Jalgaon, Kalaburgi, Khajuraho and Lilabari with rationalised concession fee and zero royalty.**
- (d) The aircraft leasing industry plays an extremely critical role in the growth of aircraft fleet across the world. Against the global average share of aircraft on lease of about 50%, Indian carriers are operating with over 70% of the fleet procured on lease basis. Almost all the commercial aircraft are leased through leasing companies located offshore. Aircraft financing is one of the most profitable segment of the aviation value chain and currently foreign financiers and lessors are the biggest beneficiaries of growth in Indian aviation sector. The development of the new business of India's aircraft or engine rupee-financing and high-value asset leasing industry is, therefore, a strategic necessity.**

**(e) & (f) The necessary measures have been taken to strengthen the ecosystem for aircraft leasing and financing in India, which include, inter alia:**

- (i) exemption from corporate tax for a block period of 10 years within the first 15 years for leasing units**
- (ii) exemption from Stamp Duty on documents for such transactions carried out from International Financial Services Centres (IFSC) at GIFT-City**
- (iii) enactment of the International Financial Services Centres Authority (IFSCA) Act providing for a Unified Regulator for the IFSC in India, followed by the announcement of the Unified Regulator for IFSC**
- (iv) lease of aircraft or helicopter or engines or any other parts thereof designated as 'financial product' under the IFSC Act**
- (v) permission to insurance companies to undertake aircraft insurance and invest in leasing and financing business**
- (vi) enabling pension funds and alternate investment funds to participate in aircraft financing**
- (vii) enabling re-leasing of aircraft and engines within India at the end of expiry or termination of an existing lease without physical re-export of aircraft, and**
- (viii) granting waivers from Importer Exporter Code (IEC) and from General Remittances (GR) for overseas lessors and financiers.**

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