

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 160
(To be answered on the 29th July 2021)**

CONCESSIONS FOR MRO ACTIVITIES

***160. DR. G. RANJITH REDDY**

Will the Minister of CIVIL AVIATION

तागर विमानतल मंत्री

be pleased to state:-

- (a) whether Begumpet in Hyderabad has been identified for Maintenance, Repair and Overhaul (MRO) of aircraft in the country;**
- (b) if so, the details thereof;**
- (c) the details of tax and other concessions given for MRO activities;**
- (d) whether any royalty is being paid to the State;**
- and**
- (e) if so, the details thereof and if not, the reasons therefor?**

ANSWER

Minister of CIVIL AVIATION

तागर विमानतल मंत्री

(Shri Jyotiraditya M. Scindia)

(a) to (e) 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 160 REGARDING CONCESSIONS
FOR MRO ACTIVITIES**

- (a) and (b) Yes Sir. The bid documents are currently under preparation.
- (c) The key tax concessions and other benefits provided for MRO activities include the following:
- i. GST on MRO has been reduced from 18% to 5% with full Input Tax Credit from 1 April 2020.
 - ii. Custom duty has been waived on tools, toolkits and aircraft components imported by MROs.
 - iii. The period for utilization of duty-free imported components has been extended from one year to three years.
 - iv. Rules have been simplified for export of leased aircraft and recycled components.
 - v. Foreign manufacturers are being encouraged to set up their MRO facilities in India.
 - vi. Foreign aircraft lessors are being encouraged to carry out the re-delivery checks and MRO of their India-based aircraft in India itself.
 - vii. Civil-military convergence in MRO activities is being facilitated.

The following concessions have been proposed by AAI for MRO entities:

- i. Concession fee, in any manifestation, including airport royalty, would not be leviable in new contracts. It would also not be leviable from the respective date of renewal of existing contracts.
- ii. Airport land rentals are proposed to be rationalized to 40% of the prevailing rates as floor price for the bid process, with an escalation of 5.5% per annum.

(d) and (e) No royalty is being paid to the State since there is no MRO entity currently operating at Begumpet.
