

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 422  
(To be answered on the 3<sup>rd</sup> February 2022)**

**POTENTIAL OF AIRCRAFT MAINTENANCE AND ANCILLARY UNIT**

**422. DR. SANJEEV KUMAR SINGARI**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether Aircraft Maintenance & Ancillary Unit has huge potential under Make in India Programme in the country and if so, the details thereof;  
(b) whether the Government proposes to explore ways to establish the demand thereon and if so, the details thereof; and  
(c) whether this would improve the employability in nearby Kurnool area and if so, the details thereof?

**ANSWER**

**Minister of State in the Ministry of CIVIL AVIATION**

**नागर विमानन मंत्रालय में राज्य मंत्री**

**(GEN. (DR) V. K. SINGH (RETD))**

- (a) & (b): Yes Sir. The Government has taken various measures to create a conducive environment for the development of Aircraft Maintenance, Repair and Overhaul (MRO) services. These include:
- i. Revised MRO Guidelines were announced on 1st September, 2021. The salient features of the guidelines are as follows:
- a. Concession fee, in any manifestation including royalty, shall not be leviable on new/ renewal of existing contracts.
- b. Selection of agency and procedures for allotment of land/ space under rationalized land/ space rental for new MRO contracts and renewal of existing MRO contracts, shall be through e-tender by AAI.
- c. The renewal of the existing land leases/ space license of MRO service providers/ Aircraft Maintenance Organizations (AMOs) shall be on the basis of bidding wherein Right of First Refusal (RoFR) shall be given to the existing lessee/ licensee to match the first rank bid in terms of the selection criteria provided its bid is within 15% of the most competitive bid received.
- d. The maximum period of contract, new or renewal, for allotment of land/ space shall be 30 years from the date of handing over of site.
- ii. GST on MRO has been reduced from 18% to 5% with full input tax credit

**from 1 April, 2020.**

**iii. Transactions sub-contracted by foreign OEMs/ MROs to domestic MRO are treated as "exports" with zero rated GST w.e.f. 1 April, 2020.**

**iv. Rules have been simplified for export of leased aircraft in complete or knocked-down conditions, opening up new opportunities in redelivery checks and aircraft component recycling.**

**v. Custom duty has been waived on tools, toolkits and spares imported by MROs.**

**vi. 100% Foreign Direct Investment (FDI) has been permitted via automatic route for MRO.**

**(c): No MRO has so far been established near Kurnool in Andhra Pradesh.**

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