POTENTIAL OF AIRCRAFT MAINTENANCE AND ANCILLARY UNIT

422. DR. SANJEEV KUMAR SINGARI

Will the Minister of CIVIL AVIATION 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

(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.

*****