

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 242
(To be answered on the 8th August 2024)**

EXPANSION OF MRO SECTOR

***242. SHRI DUSHYANT SINGH**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Government proposes to support the Maintenance, Repair and Overhaul (MRO) sector in ensuring the airworthiness and availability of aircraft in the country, if so, the details thereof and if not, the reasons therefor;

(b) whether the Government has identified the challenges hindering the growth of indigenous MRO capabilities of the country despite its emergence as a major civil aviation market and if so, the details thereof;

(c) the details of the measures taken/proposed to be taken by the Government to support the expansion and global competitiveness of the MRO sector considering its strategic importance for both civil and defence aviation;

(d) whether the Government proposes to revise current policies regarding customs and infrastructure to facilitate the growth of MRO facilities at the airports, thereby promoting local industry growth and reducing dependence on foreign MROs; and

(e) if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Kinjarapu Rammohan Naidu)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) IN RESPECT OF LOK SABHA STARRED QUESTION NO. 242 FOR REPLY ON 08.08.2024 REGARDING EXPANSION OF MRO SECTOR ASKED BY SHRI DUSHYANT SINGH

(a) to (e)The Government has taken several proactive steps to support the MRO sector in India in line with the goal of Atma Nirbhar Bharat and to ensure the airworthiness and availability of aircraft in the country.

1. Directorate General of Civil Aviation (DGCA) has formulated the Civil Aviation Requirements (CAR-145) for grant of approval of aircraft maintenance organisation in line with the international standards of International Civil Aviation Organization (ICAO) and harmonised as per European Union Aviation Safety Agency (EASA) regulations. These requirements are reviewed/ revised based on amendments in ICAO standards/ EASA regulations, national requirements and stakeholder consultations from time to time. Currently, there are 147 Maintenance Repair & Overhaul (MROs) approved in India for Line/Base maintenance and these MROs are capable of catering to the demand of maintenance requirements for the available fleet size in India.

2. The Government has also taken various measures including policy, regulatory and incentivisation to facilitate setting up of aircraft MRO services in India and support the growth of Maintenance, Repair and Overhaul (MRO) sector which include:

(i) In a major boost to the domestic MRO industry and to the aviation sector, the Government has announced on 12th July, 2024 that a uniform rate of 5% IGST will apply to imports of Parts components, testing equipment, tools and tool-kits of aircraft, irrespective of their HSN classification subject to specified conditions. Previously, the varying GST rates of 5%, 12%, 18%, and 28% on aircraft components created challenges, including an inverted duty structure and GST accumulation in MRO accounts. This new policy eliminates these disparities, simplifies the tax structure, and fosters growth in the MRO sector.

(ii) As part of the announcements made in Union Budget 2024-25, the period for export of goods imported for repairs has been extended from six months to one year. Also, the time-limit for re-import of goods for repairs under warranty has been extended from three to five years.

(iii) New MRO Guidelines announced on 1st September, 2021 inter alia abolish royalties and build in transparency and certainty in land allotments for MROs in AAI airports.

(iv) For ease of doing business of Indian MROs, Rule 61 of Aircraft Rules 1937 has been amended on 8th April, 2022 to extend the validity of AME licences from 5 years to 10 years without levying any extra fee.

(v) DGCA has also harmonised CAR-147 (Basic) regulation in line with EASA Part-147 on 27th December 2017. The regulation streamlines the syllabus and skilled training requirements for the development of competent/ skilled manpower for maintenance of aircraft in Indian MRO sector.

(vi) GST on MRO has been reduced from 18% to 5% with full Input Tax Credit from 1st April, 2020.

(vii) Transactions sub-contracted by foreign original equipment manufacturers (OEMs)/ MRO to domestic MRO are treated as 'exports' with zero-rated GST from 1st April, 2020.

(viii) Exempted Customs Duty on tools and tool kits.

(ix) 100% Foreign Direct Investment permitted via automatic route for MRO on 12 March, 2008.

These steps taken by the Government are directed towards mitigating the challenges affecting the MRO sector viz. taxation & customs issues, airport charges, regulatory environment, training etc.
