

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1836
(To be answered on the 1st August 2024)**

FDI IN MRO

1836. DR. BHOLA SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has recently implemented a uniform IGST rate of five per cent on all aircraft and aircraft engine parts;
- (b) if so, the details thereof;
- (c) whether this policy change is expected to reduce operational costs and attract investment in the Maintenance, Repair and Overhaul (MRO) sector and if so, the details thereof;
- (d) the anticipated impact on the Indian MRO industry, including any projections for growth by 2030; and
- (e) the other steps being taken by the Government to support the MRO industry and make India a global aviation hub?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Murlidhar Mohol)

(a) to (d) Yes Sir. In a major boost to the domestic MRO industry and to the aviation sector, the Government has announced 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. This policy change is a crucial step towards enhancing the competitiveness of the Indian MRO sector, fostering innovation and efficiency and creating a robust and efficient aviation sector.

(e) The Government has taken several steps to facilitate setting up of aircraft Maintenance, Repair and Overhaul (MRO) services in India through various policy, regulatory and other incentives which include:

i. 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.

ii. 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.

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

iv. 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

v. Exempted Customs Duty on tools and tool kits

vi. Simplified clearance processing of parts

vii. 100% Foreign Direct Investment permitted via automatic route for MRO
