

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2971
(To be answered on the 12th December 2024)**

MAINTENANCE, REPAIR AND OVERHAUL(MRO)

2971. DR. AMAR SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has taken adequate steps to enhance the competitiveness and efficiency of the Maintenance, Repair and Overhaul (MRO) sector;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the initiatives taken/ being taken by the Government to strengthen the aviation sector of the country?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Murlidhar Mohol)

(a) to (c) 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. In a major boost to the domestic Maintenance, Repair and Overhaul (MRO) industry and thereby 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 Harmonised System of Nomenclature (HSN) classification subject to specified conditions.

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

- v. 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**
- vi. Exempted Customs Duty on tools and tool kits**
- vii. Simplified clearance processing of parts**
- viii. 100% Foreign Direct Investment permitted via automatic route for MRO**

Some of the other initiatives taken/ being taken by the Government to strengthen the aviation sector of the country include:

- i. The National Civil Aviation Policy, 2016 seeks to provide a conducive ecosystem for overall growth of the Indian aviation sector in a harmonised manner that includes growth of all its sub-sectors.**
- ii. Government of India (GoI) has accorded 'In-Principle' approval for setting up of 21 new Greenfield Airports. Out of these, 12 Greenfield airports viz. Durgapur, Shirdi, Kannur, Pakyong, Kalaburagi, Orvakal (Kurnool), Sindhudurg, Kushinagar, Itanagar, Mopa, Shivamogga and Hirasar (Rajkot) have been operationalised.**
- iii. Ministry of Civil Aviation has launched Regional Connectivity Scheme (RCS) - UDAN (Ude Desh ka Aam Nagrik) on 21.10.2016 to stimulate regional air connectivity from unserved and underserved airports in the country, making air travel affordable to the masses. As on date, 609 routes connecting 86 unserved and underserved airports (including 13 heliports and 2 water aerodromes) have so far been operationalised under the Scheme. More than 146 lakh domestic passengers have travelled through 2.86 Lakh RCS flights.**
- iv. Central Government has notified the Drone Rules, 2021 on 25th August, 2021 with subsequent amendments made from time to time**
- v. In order to augment the supply of trained pilots in the country, the Airports Authority of India (AAI) has brought out a liberalised Flying Training Organisation (FTO) policy whereby the concept of airport royalty (revenue share payment by FTOs to AAI) has been abolished and land rentals have been significantly rationalised.**
- vi. A conducive aircraft leasing and financing environment has been enabled through Budget incentives for India's lone International Financial Services Centre (IFSC) in GIFT CITY.**
