

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3318
(To be answered on the 20th March 2025)**

IMPACT OF IGST ON MRO

3318. DR. BHOLA SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has implemented a uniform 5% IGST rate on aircraft and aircraft engine parts to boost the Maintenance, Repair and Overhaul (MRO) industry in the country and if so, the details thereof;
- (b) the expected reduction in operational costs for domestic airlines and its anticipated impact on the growth of the MRO sector in the country;
- (c) the projected increase in employment opportunities and Foreign Direct Investment (FDI) in the MRO sector as per this policy change;
- (d) the estimated growth of MRO industry of the country by 2030, including Government incentives to attract global companies; and
- (e) the other policy measures being implemented by the Government to establish India as a global aviation hub for aircraft maintenance and repair?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Murlidhar Mohol)

(a) Yes. In a major boost to the domestic Maintenance, Repair and Overhaul (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 Harmonized System of Nomenclature (HSN) classification subject to specified conditions.

(b) to (e) 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. The reduction of IGST on imports of aircraft components and parts to 5% will have a cascading effect benefiting the MRO industry, create new job opportunities, attract new MRO players and contribute to the sector's growth.

The Government has taken various measures to create a conducive environment for the development of aircraft maintenance and repair 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**
