

MRO services in India

1085. SHRI MAJEED MEMON: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the MRO Association of India (MAoI) has urged Government for a fair chance to compete with foreign Maintenance, Repair and Overhauls (MROs) that enjoy a favourable import tax policy of Government;

(b) whether it is also a fact that GST for importing MRO services to India is levied at a maximum five per cent, whereas the same services offered at home are taxed at a GST of 18 percent; and

(c) despite Government opening up 100 per cent FDI, no foreign player had been bought into MRO operations in the country?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI JAYANT SINHA): (a) to (c) Yes, Sir. However, given our technology and skill base, the Government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines. Accordingly, the following provisions were made in the Budget announcements for 2016-17:—

- (i) The tools and tool-kits used by the MRO have been exempted from Customs Duty. The exemption shall be given on the basis of list the tools and tool kits certified by the Directorate General of Civil Aviation (DGCA) approved Quality Managers of aircraft maintenance organisations.
- (ii) MROs were required to provide proof of their requirements of parts, or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool kits for a one time certification by DGCA approved Quality Managers in MROs.
- (iii) To enable economies of scale, the restriction of one year for utilization of duty free parts has been extended to three years.
- (iv) To allow import of unserviceable parts including aircraft components like engines and landing gears by MROs for providing exchange/advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.
- (v) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser,

provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India. For stay beyond 6 months, DGCA's permission will be required.

Debt of Air India

†1086. SHRI SURENDRA SINGH NAGAR: Will the Minister of CIVIL AVIATION be pleased to state:

(a) the amount of debt of Air India and the reasons therefor;

(b) whether it is a fact that all the aviation companies in the country are flourishing due to expansion of air services network whereas Air India is continuously going under debt; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI JAYANT SINHA): (a) The total debt of Air India Ltd. as on 31st March 2018 as per the audited accounts of FY 2017-18 is ₹ 55,308.52 crore. The details of the total debt of ₹ 55,308.52 crore is as under:—

Particulars	2017-18 (₹ in crore)
Aircraft Loans	18181.88
Working Capital Loans	37126.64
TOTAL LOANS	55308.52

The main reason for the loans is to meet the working capital requirements/loss funding of the company and to purchase new aircraft for expansion as well as replacement of old aircraft.

(b) and (c) There has been massive growth in the domestic aviation market in India in the last decade with the entry of private carriers. The main reasons for the losses of Air India are given hereunder:—

- i. High interest burden;
- ii. Increase in competition especially from low cost carriers;

†Original notice of the question was received in Hindi.