

of which Letter of Award for leasing the airports of Ahmedabad, Lucknow and Mangaluru has been issued by AAI.

- (ii) Rationalized taxes on jet fuel by many States, exempted Customs Duty on tools and toolkits, reduced GST on various spare parts, accessories and consumables
- (iii) Enabled swift transition of aircraft of Jet Airways to other airlines
- (iv) Contract for e-governance in DGCA (e-GCA) has been awarded
- (v) Five-year restriction on new airlines for flying on international routes removed.
- (vi) Ude Desh ka Aam Naagrik (UDAN) Scheme launched to enhance regional connectivity
- (vii) Many greenfield airports have commenced development work and many existing airports have commenced expansion projects
- (viii) AAI has embarked upon a capital investment of over INR 25,000 crore in next five years for development/ upgradation/ modernization of various airports and air navigation infrastructure.

FDI in MRO operators

2571. SHRI AHAMED HASSAN: Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether it is a fact that Domestic MRO (Maintenance, Repair and Overhaul) operators are paying more taxes than the imported MRO operations;
- (b) if so, the details of GST rate charged on Domestic MRO operators and rate of taxes levied on import fees of MRO services;
- (c) whether Government has failed to bring anticipated FDI in MRO operations in domestic routes; and
- (d) if so, the details of bids filed and foreign operators approved for domestic operations in the last three years?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI HARDEEP SINGH PURI): (a) and (b) Maintenance, repair and overhaul (MRO) are typically contracted by domestic scheduled airline operators as a part of their procurement contracts with original equipment manufacturers (OEMs) or lease contracts with lessors through business arrangements such as Power-by-the-Hour or Rate per Flight Hour. Such services procured from overseas MROs attract Integrated Goods and Services Tax (IGST) at the rate of 18% under Reverse Charge Mechanism and is input tax creditable. However, aircraft and parts sent overseas for repair attract IGST at the rate of 5% which is not input tax creditable. In so far as domestic MROs are concerned, composite services provided by them attract GST at the rate of 18% which is input tax creditable. Time and materials' contracts of domestic MROs attract GST at the rate of 18% on the labour component which is input tax creditable, but imported spares attract varying rates of GST ranging between 5% and 18% and these are input tax creditable only pro-rata against non-economy class tickets for domestic airline carriers.

(c) and (d) To promote Foreign Direct Investment (FDI) in the sector, Government has put in place a liberal and investor-friendly policy wherein 100% FDI via automatic route is permissible for MRO operations in India. However, Government does not fix targets for FDI inflows as it is largely a matter of private business decisions. Given the technical and skill base and in recognition of the potential for attaining self-sufficiency in MRO sector, attracting business from foreign airlines, and developing India as a hub for MRO services, various interventions have been made from time to time under the National Civil Aviation Policy, 2016. There has been a renewed focus on development of engine shops, component and airframe MRO in India by aviation OEMs and logistics services providers. Foreign MRO operators which provide sub-contracted services in India on a part of their primary overseas contracts with domestic airline operators include, *inter alia*, Airbus, Air France, KLM, Lufthansa Technik, Singapore Technologies, Sabena Technics, and Turkish Technic, specific details of which are not maintained in Ministry of Civil Aviation.

CSR expenditure of civil aviation companies

2572. DR. SASMIT PATRA: Will the Minister of CIVIL AVIATION be pleased to state: