

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 3218
(TO BE ANSWERED ON THE 24th March 2021)**

INVESTMENT IN MRO SECTOR

3218. SHRI PRABHAKAR REDDY VEMIREDDY

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) the details of airports identified for Maintenance, Repair and Overhaul (MRO) of civilian aircraft in the country;
- (b) whether any efforts are being made to attract investment from other countries into MROs; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF STATE (IC) IN THE MINISTRY OF CIVIL AVIATION

(Shri Hardeep Singh Puri)

(a) The Airports Authority of India (AAI) has come up with a liberal Maintenance, Repair and Overhaul (MRO) policy with significantly reduced liberalised land rentals. No revenue share will be charged from MROs by AAI under the new contracts.

The airports where AAI proposes to offer land to MROs include Begumpet, Bhopal, Chandigarh, Chennai, Juhu, Kolkata, Delhi and Tirupati (8 Nos). PPP airports at Bengaluru and Cochin have also earmarked land for development of MRO. In addition, Hyderabad, Mumbai and 19 other airports of AAI have existing MROs operating in their premises.

(b) and (c) Several efforts have been made to attract investment from other countries into MROs. Some of the measures undertaken to enhance the commercial attractiveness of MROs in India include, inter-alia:

- i. GST on MRO has been reduced from 18% to 5% with full Input Tax Credit from 1 April 2020.
- ii. Transactions sub-contracted by foreign OEMs/MRO to domestic MRO are treated as "exports" with zero-rated GST from 1 April 2020.
- iii. Input Tax Credit has been permitted for discharging GST on inter-state stock transfers of aircraft engines, parts and spares.
- iv. AAI has come up with a liberal MRO policy with significantly reduced

liberalized land rentals. Royalty (revenue share payment to AAI by MRO company) has been abolished.

v. Custom duty has been waived on tools, toolkits and spares imported by MROs.

vi. Relaxed restriction on utilization of duty-free parts from one year to three years.

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

viii. Extended stay of foreign aircraft in India permitted till completion of MRO work or 6 months, whichever is earlier.

ix. Rules simplified for export of leased aircraft in complete or knocked-down conditions, opening up new opportunities in end-of-lease checks and aircraft component recycling.
