

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:2060

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Features of New Civil Aviation Policy

Chautala Shri Dushyant;Raju Shri Gokaraju Ganga;Rao (Avnithi) Shri Muthamsetti Srinivasa;Singh Dr. Bhola;Singh Shri Kirti Vardhan;Singh Shri Ravneet

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

- a) Whether the Government has formulated new civil aviation policy with focus on reducing the cost of operations for airlines and providing affordable regional connectivity across the country, if so, the details thereof along with the salient features of the policy;
- b) Whether the Government also proposes to scrap several taxes under new policy and seek private sector participation in the aviation sector;
- c) if so, the details thereof and the kind of growth projected on the implementation of the said policy;
- d) whether the draft policy envisages an open sky with SAARC Nations and countries beyond 5000 kms radius from New Delhi, if so, the details thereof;
- e) whether the draft policy suggests several cess and duty rebate to Make India a regional hub for maintenance, repair and overhaul (MRO) business, if so, the details thereof; and
- f) whether the Government proposes to corporatize Airports Authority of India and if so, the details thereof?

**Answer**

Minister of State in the Ministry of CIVIL AVIATION  
(Dr Mahesh Sharma)

- a) The Regional Connectivity Scheme (RCS) in the draft Civil Aviation Policy aims at an all-inclusive airfare not exceeding Rs 2500 per passenger, indexed to inflation for a one-hour flight on RCS routes.
- b) & (c) The fiscal incentives provided in the draft Civil Aviation Policy are- Service Tax on output services of MRO's will be exempt and aircraft tools and tool kits used by MRO's shall be exempt from custom duty Tickets sold under the Regional Connectivity Scheme (RCS) shall be exempted from service tax ATF consumed from the Regional Connectivity Scheme (RCS) airports shall be exempt from excise duty. MRO, ground handling, cargo and ATF infrastructure co-located at an airport will also get the benefit of infrastructure sector, with benefits under Section 80-IA of Income Tax Act. With these incentives it is expected that some part of the MRO business of Indian carriers which is being carried out outside India will return to the country. The incentives provided for RCS will give a boost to domestic travel
- d) The draft Policy (which is on Ministry's website) aims at an "Open Sky" Air Service Agreement on a reciprocal basis with SAARC countries and countries located entirely beyond 5000 kms radius from New Delhi.
- e) The fiscal incentives being provided are that service tax on output services of MRO will be zero-rated and the tools and tool-kits used by the MRO will be exempt from Customs duty.
- f) The Draft Civil Aviation Policy does not provide for the corporatization of Airports Authority of India.