

F. No.AV-29012/95-2019-ER-MoCA
Government of India
Ministry of Civil Aviation

B-Block, Rajiv Gandhi Bhawan
Safdarjung Airport, New Delhi – 110 003

Dated: 01 September, 2021

To,

1. **Shri Sanjeev Kumar**
Chairman
Airports Authority of India
Safdarjung Airport, New Delhi – 110 003.
2. **Shri Balwinder Singh Bhullar**
Chairperson
Airports Economic Regulatory Authority of India
AERA Building, Safdarjung Airport, New Delhi – 110 003.
3. **Smt. Rubina Ali**
Joint Secretary (AAI and AD)
Ministry of Civil Aviation
Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110 003.

Sub: Rationalisation of airport royalty and additional charges leviable on Maintenance, Repair and Overhaul (MRO) service providers for ease of doing business and to provide further incentive to this sector – regarding.

Dear Sir/ Madam,

In supersession of the guidelines issued vide letter of even no. dated 01.01.2021, the following guidelines are issued for rationalization of the charges leviable on Maintenance, Repair and Overhaul (MRO) Service Providers for ease of doing business and to provide further incentives to this sector.

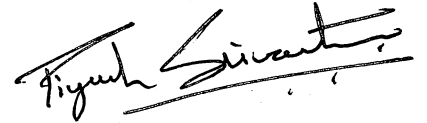
2. Keeping in view India's growing aviation market, technology and skill base, Government seeks to create a congenial atmosphere in the country for the development of MRO industry for aircraft/ helicopters/ drones and their engines and other parts.
3. Further, with a view to advance the vision of India becoming a global hub for MRO, in the spirit of the May 2020 Economic Packages under Aatmanirbhar Bharat which can cater to the needs of Indian scheduled and non-scheduled airline operators, as also attracting business from foreign airline operators, an ecosystem for convergence of Defence MRO and Civil MRO is being promoted to garner economies of scale and bring down maintenance costs for airline operators.



4. In this regard, a series of measures have already been undertaken towards developing a strong MRO base in the country thereby enabling the growth of Indian aviation activities in conformance with para 18 on MRO sector of the National Civil Aviation Policy (NCAP), 2016. Airports Authority of India (AAI) has also supported this endeavor by way of rationalizing the airport levies and concession fee on MRO services' providers at its airports across the country.
5. At airports being operated by AAI, the power of the authority to charge fees, rents, etc. in respect of aircraft or for any other service or facility offered in connection with aircraft operations at an airport, airstrip or heliport arises from the provisions of Section 22(i) of the AAI Act, 1994. Airport charges are also variously specified in the existing concession agreements and contracts of airports leased out by AAI.
6. Numerous rounds of stakeholder consultations have been held by the Ministry in order to rationalize the present policy with regard to airport concession fee/ royalty and additional charges, including land rent, presently leviable on various MRO service providers, including those in pursuance of AAI's "Policy for Allotment of Land for MRO workshops for 'C' and 'D' checks of aircraft at AAI airports" contained in AAI Order No.AV-21012/46/2013/LM/1114 dated 20 August 2014.
7. It was seen, inter alia, that the global best practices at airports avoid levying a double charge by way of land rental and airport concession fee or royalty on MRO services providers for the use of the land at the airport, besides offering a slew of incentives to promote the growth of existing MRO organisations and to invite OEMs to set up their after sales business establishments there.
8. It has, accordingly, been decided that:
 - A. Concession fee, in any manifestation including royalty, shall not be leviable in new contracts. It shall also not be leviable from the respective date of renewal of existing contracts.
 - B. Selection of agency and procedures for allotment of land/ space under rationalized land/ space rental and other provisions shall be as follows:
 - I. Allotment of land/ space in respect of New contracts and Renewal:
 - a. **New Contracts:** To facilitate entry of MRO service providers/ AMOs at select airports in a time-bound manner, AAI would publicly invite e-Tenders, wherein the lease fee quoted by the bidder shall be the bid parameter. The agency quoting the highest lease fee shall be the selected bidder for that specific parcel.
 - b. **Renewal of Contract/ Allotment of Land under Existing Contracts:** The renewal of the existing land leases/ space license of MRO service providers/ AMOs shall be on the basis of bidding wherein Right of First Refusal (RoFR) shall be given to the existing lessee/ licensee to match the first rank bid in terms of the selection criteria provided its bid is within 15% of the most competitive bid received.
 - II. For the purpose of ensuring serious and apposite level of participation in the Tender, an appropriate amount of EMD, shall be kept.



- III. The quoted/ accepted lease fee shall be escalated @ 15% after every 3rd year.
- IV. For the existing MRO organizations that have outstanding dues or are under litigation and are seeking renewal of their existing contracts or participation for the new contracts, their candidature for bidding shall only be considered after the settlement of dispute and clearance of outstanding dues by way of settlement/ negotiation in a time-bound manner through a Committee constituted by AAI.
- V. The maximum period of contract, new or renewal, for allotment of land/ space under these provisions shall be 30 years from the date of handing over of site. However, in case the MRO agency commits default or ceases to perform the MRO activities at allotted land / space, the lease shall be terminated without payment of any compensation by AAI.
- VI. MRO activities shall be promoted from the following airports: Bhopal, Chandigarh, Chennai, Hyderabad (Begumpet), Juhu, Kolkata, Delhi and Tirupati. Other airports with available land/ space resources, with potential to attract MRO service providers/ AMOs for establishing their facilities, shall be identified and notified by AAI from time to time.
8. AAI is desired to take further necessary action in the matter on priority and keep the Ministry apprised of the developments in their regard.
9. This issues with the approval of the competent authority.



(Piyush Srivastava)

Senior Economic Advisor

Copy to:

1. PS to HMCA
2. PS to HMoSCA
3. Sr. PPS to Secretary
Ministry of Civil Aviation