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India's MRO sector growing fast, revenues pegged at \$975m

NEW DELHI: The domestic industry for maintenance, repair and overhaul of aircraft is seeing "very fast growth" and successful implementation of national aviation policy can push its revenues up to \$975 million, say experts.

The maintenance, repair and overhaul (MRO) space provides significant growth opportunities, more so because there are not many such facilities in India. While national carrier Air India does all these works within the country, most airlines carry them out overseas -- at a much higher cost.

Air India CMD Ashwani Lohani on Monday said the MRO sector is "growing very very fast" and that the market is "exploding".

The segment is seeing over 23 per cent growth and in due course, it should be physically possible to provide MRO service for a rising number of aircraft while also making sure they are economically viable, he noted.

Lohani was speaking at the inaugural session of the India MRO Aerospace & Defence Conference 2016 here.

With expected increase in fleet size of Indian carriers to 1,740 plane in the next 20

years, the domestic MRO market is projected to be worth \$5.2 billion by 2026, leading consultancy KPMG said.

Against a background paper released at the conference, KPMG also said the MRO industry's revenues are projected to touch \$975 million from the current \$92 million.

"Successful implementation of the provisions of the NCAP 2016, along with other structural reforms in the MRO sector, would endow the Indian MRO industry with the capability to generate up to \$975 million in revenues as against the current revenues of \$92 million," it said.

Under NCAP (National Civil Aviation Policy), the government has provided infrastructure status to the MRO industry, apart from various incentives.

Among others, tools and tool kits used by the MRO industry have been exempted from the Customs duty while the duty-free storage period for aircraft spares by MRO entities has been extended to three years.

The background paper said NCAP has laid the foundation for a revival of the domestic MRO industry. **PTI**