

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL  
REGIONAL BENCH AT HYDERABAD**

Division Bench – Court No. – I

**Service Tax Appeal No. 25473 of 2013**

(Arising out of Order-in-Original No. 54/2012-Adjn (Commr) ST dt.30.10.2012 passed by  
Commissioner of Customs, Central Excise & Service Tax, Hyderabad-IV)

**Andhra Pradesh Aviation Academy**

Gate No.3, Old Airport Road, New Bowenpally PO,  
Hyderabad, Telangana – 500 011

.....Appellant

*VERSUS*

**Commissioner of Central Tax**

**Medchal - GST**

Kendriya Shulk Bhavan, LB Stadium Road,  
Basheerbagh, Hyderabad – 500 004

.....Respondent

**Appearance**

Ms. Radha Arun, Consultant for the Appellant.

Shri V. Srikanth Rao, AR for the Respondent.

**Coram: HON'BLE MR. A.K. JYOTISHI, MEMBER (TECHNICAL)  
HON'BLE MR. ANGAD PRASAD, MEMBER (JUDICIAL)**

**FINAL ORDER No. A/30567/2025**

Date of Hearing: 26.06.2025

Date of Decision: 12.12.2025

**[Order per: A.K. JYOTISHI]**

M/s Andhra Pradesh Aviation Academy (hereinafter referred to as appellant) are in appeal against the Order-in-Original dt.30.10.2012, whereby a demand of Rs.1,52,41,755/- has been confirmed along with imposition of equal penalty. The period of dispute is April, 2006 to March, 2011.

2. The brief facts of the case are that the appellants are engaged in providing various training courses, which appear to be falling under the category of 'Commercial Training & Coaching service' (CTCS) under section 65(26) of the Finance Act, 1994. In the course of adjudication, the appellants had, inter alia, submitted that they were conducting courses in aviation under the aegis of Directorate General of Civil Aviation (DGCA) and

that they are a non-profit organization registered under the Public Societies Registration Act. They also submitted that in addition to training courses in aviation, the appellant is affiliated to Jawaharlal Technological University Hyderabad (JNTUH) for conducting integrated M.Sc (Aviation) course. They also, inter alia, submitted that pilot training courses, instrument rating, AME courses, OJT and connected certification are recognized in law and they are affiliated to DGCA, Government of India. Further, the legal framework of regulation of civil aviation in India consists of various instruments like Aircraft Act, 1934, Aircraft Rules, 1937, Civil Aviation Requirements (CAR) (issued by DGCA, Government of India, under Rule 133A of the Aircraft Rules) and Aeronautical Information Circulars. They, further, contended that there is an elaborate mechanism of licensing of pilots and aircraft maintenance engineers, which are provided by various institutes and the supervision of the said institutes, Academies, etc., are done by the DGCA as is evident from their duties, functions and responsibilities. It was also contended that DGCA conducts examination and supervises training schools but it does not conduct training and the said training in India is carried out only by approved schools of DGCA. It was also contended that DGCA authorized and approves training schools under Rule 133B of Aircraft Rules, 1937, where Clause 3 of the said Rule provides that DGCA may approve an organization or person to operate under a system of approval, for which the organization or person must comply with requirements specified by the DGCA.

3. On adjudication, the adjudicating authority has gone through various statutory provisions including requirements for issue of license such as Private Pilot's License (PPL), Commercial Pilot's License (CPL), etc. It was also held by him that appellant has to be treated as commercial training center within the meaning of section 65(27). He has also, inter alia, held that certificates and ratings granted by the appellant cannot be equated to grant of a degree or diploma recognized by law and that there is no direct nexus between the courses conducted and the certificates granted in accordance with recognition by law. Therefore, the activities or services undertaken by the appellant would not fall under the exclusion part of the definition of CTCS and therefore, are taxable.

4. Learned Advocate for the appellant has, inter alia, submitted that appellants are entitled for the said exemption, which has been denied on the wrong appreciation of facts and law. She has further pointed out that for the period subsequent to the demand involved in the present appeal, the demand has been set aside by the Commissioner (Appeals) and no appeal has been filed by the department against the dropping of demand. She has further submitted that CBIC has issued Circular No.234/28/2024-GST dt.11.10.2024 in the context of similar provision in the GST law, wherein it has been clarified at point no.4 that the approved flying training courses conducted by Flying Training Organizations approved by DGCA, wherein the DGCA mandates requirement of completion certificate are exempted in terms of Notification No.12/2017-CT dt.28.06.2017. She has further relied on the judgment of the Coordinate Bench at Chennai in the case of Orient Flight School Vs CGST, Chennai [Final Order No.40996-41002/2023 dt.07.11.2023], wherein, it has been held that course completion certificate issued by the Flight Training Institutes, recognized by DGCA, satisfies the condition of having been recognized by law for the time being in force under section 65(27) of the Finance Act, 1994.

5. Learned AR has reiterated the findings of the adjudicating authority and has also submitted that department had gone in appeal against Order of the Chennai Bench of the Tribunal in Orient Flight School, however, the appeal filed by them has been dismissed on the grounds of delay as well as merits. [Diary No.11171/2025].

6. Heard both sides and perused the records.

7. This matter was heard on 26.06.2025 and the Order was kept reserved, however, in order to get certain factual clarification, the matter was relisted on 08.10.2025 and subsequently on 25.11.2025, wherein, the learned Advocate further reiterated her submissions made on original date. She further clarified that Hon'ble Supreme Court has dismissed the appeal filed by the department in respect of order passed by the Chennai Bench of the Tribunal in the case of Orient Flight School (supra). She has also submitted that the Board has recognized in the context of GST the fact that DGCA is approving certain Flight Training Organizations and those courses would be covered within the ambit of exemption and therefore, it would also be relevant for deciding the present appeal as in this case, it is not disputed

that these courses have been recognized by DGCA and the appellants Institute has been approved by DGCA for providing such courses.

8. We find that the issue to be decided is whether the appellants were required to pay any service tax or were otherwise excluded from the purview of CTCS for the period prior to 01.07.2012. The appellants are engaged in providing various training courses, which is not in dispute. What is in dispute is whether these training courses, per se, are recognized by law or otherwise. Further, even it is also not disputed that they have been approved by DGCA, which is a statutory body under the Aircraft Act, 1934 read with Aircraft Rules, 1937 and that DGCA are also authorized under Rule 38 of Aircraft Rules to grant, renew and vary flight crew license, Student Pilot License, Private Pilot License, Commercial Pilot License, etc. Therefore, the issue is whether the training courses being provided by the appellant are covered within the expression 'recognized by law' or otherwise, so as to get excluded from the purview of the impugned service.

9. We find that the entire issue under similar factual matrix came up before the Coordinate Bench at Chennai in the case of Orient Flight School (supra), where, after a detailed discussion and various statutory provisions as well as judgments, including the judgment in the case of Indian Institute of Aircraft Engineering Vs UOI [2013 (30 STR 689 (Del))] and judgment of Delhi Bench of the Tribunal in the case of Star Aviation Academy Vs CST, Delhi [2018 (15) GSTL 342 (Tri-Del) and Hindustan Institute of Aeronautics Vs CCE, Bhopal [2014 (36) STR 703 (Tri-Del)], the conclusion drawn by the Coordinate Bench at Para 32.10 & 32.11 was, as under.

*"32.10 The words 'recognized by law for the time being in force' cannot be construed so as to restrict its' coverage only to Universities and Educational Boards. There can be other statutes which recognize certain degree, diploma, certificate or qualification. The DGCA is a statutory authority exercising powers conferred on it under the Aircraft Act, 1934 and the Rules made thereunder. Consequently, if a course completion certificate is recognized by DGCA for any specific purpose, in pursuance to the provisions contained in Aircraft Act/Rules, then the said certificate will satisfy the condition of having been recognized by law for the time being in force.*

*32.11 From the above, we hold that the demand of service tax for the period after 1-7-2012 also alleging that appellant is imparting Commercial Coaching or Training services cannot sustain and requires to be set aside."*

10. We have also taken note of the submission that for the subsequent period, where the Commissioner (Appeals) has also relied on the judgment in the case of Orient Flight School (supra), the department has not gone in appeal against the said judgment. We also find force in the submission that the Board has clarified in the context of GST that no GST would be leviable in respect of flying training courses conducted by Flying Training Organizations approved by DGCA, vide Circular No.234/28/2024-GST dt.11.10.2024. Though this clarification is in the context of GST, however, the department's view, as expressed, will have equal reliance in deciding when the matter pertains to service tax. For the ease of reference, the relevant portion of the circular is reproduced below.

***"4. Applicability of GST on the Directorate General of Civil Aviation (DGCA) approved flying training courses conducted by Flying Training Organizations approved by the DGCA:***

*4.1 Representations have been received regarding the applicability of GST on the DGCA-approved flying training courses conducted by Flying Training Organizations (FTOs) which are approved by the Directorate General of Civil Aviation (DGCA). The same has been examined.*

*4.2 Under GST Law, vide Sl. No. 66 of the notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, services provided by educational institutions to its students, faculty and staff are exempt from levy of GST. In the above notification, "educational institution" has been defined to mean an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force.*

*4.3 In exercise of the power vested by Section 5 of the Aircraft Act, 1934, the Central Government has made the Aircraft Rules, 1937, which, inter-alia, provide for 'approved training', i.e. training the curriculum of which has been approved by the DGCA, and 'approved training organization', i.e. a flying training organization which shall obtain the approval of DGCA before the students are enrolled to acquire flying experience. The said rules further state that flying experience required for the issue of private pilot and commercial pilot licenses shall be acquired at the Flying Training Organization (FTO) approved/ recognized by the DGCA. The Civil Aviation Requirements (CAR) issued under the said rules also provide for a completion certificate to be issued by an approved FTO to each student who completes its approved course of training.*

*4.4 It is evident from the above that the DGCA not only approves FTOs but also flying training courses and mandates the requirement of course completion certificates to be issued to successful candidates in terms of the Aircraft Act, 1934 and the rules prescribed thereunder. Therefore, the approved flying training courses conducted by FTOs approved by DGCA, wherein the DGCA mandates the requirement of a completion certificate, are covered under Sl. No. 66 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 and are hence, exempt."*

11. Therefore, relying on the judgment in the case of Orient Flight School (supra), as also various clarifications issued, we find that the appellant would not be required to discharge service tax during the relevant period and in view of the same, the impugned order is liable to be set aside and is accordingly set aside.

12. Appeal allowed.

(Pronounced in the Open Court on 12.12.2025)

**(A.K. JYOTISHI)**  
**MEMBER (TECHNICAL)**

**(ANGAD PRASAD)**  
**MEMBER (JUDICIAL)**