

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Rajya Sabha**

STARRED QUESTION NO. : 40

TO BE ANSWERED ON THE 6th February 2023

NET LOSS INCURRED BY AVIATION INDUSTRY

40. SHRI PRAMOD TIWARI

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

- (a) whether the Aviation Industry is estimated to report a net loss of Rs. 15,000 to Rs. 17,000 crores during the financial year 2022-2023;**
- (b) if so, the details thereof;**
- (c) the details of loss incurred by the industry during the last three years, year-wise along with the reasons therefor;**
- (d) whether Government has proposed any sops to make aviation industry profitable and create more employment opportunities in the sector;**
- (e) if so, the details thereof and if not, the reasons therefor; and**
- (f) the steps being taken by Government to make the aviation industry profitable?**

ANSWER

Minister of CIVIL AVIATION (Shri Jyotiraditya M. Scindia)

(a) and (f) A statement is laid on the Table of the House.

**STATEMENT IN REPLY TO PART (A) TO (F) OF THE RAJYA SABHA
STARRED QUESTION NO. 40 FOR 06.02.2023 REGARDING NET LOSS
INCURRED BY AVIATION SECTOR**

(a) & (b) The actual figure of profit / losses to the aviation industry shall be known only when the audited account are available at the end of the financial year 2022-23.

(c) The details of losses incurred by the industry during the last three years are: FY 2019-20 Rs.4770 crore FY 2020-21 Rs.12479 crore and FY 2021-22 Rs. 11658 crore. The losses to the industry were primarily because of disruption during COVID -19 pandemic across the globe, currency depreciation (USD/INR), high operating cost environment, especially due to increase in ATF prices which constitute a major portion of the operational cost of Airline, increase in crude oil prices in international market, VAT, Excise duty and Ukraine - Russia War. Airlines were unable to pass full impact of cost increases to the passenger.

(d) to (f) The airlines and major airports are operated by the private sector and they evolve their own SOPs for cost minimisation and profitability. However, Government has taken various steps to facilitate the airlines. The UDAN Scheme of the Government of India is a game-changer for the aviation industry. The UDAN Scheme or Ude Desh Ka Aam Nagrik, is a regional connectivity scheme that seeks to make air travel accessible and affordable for the masses. The enhanced fiscal support in the form of VGF (Viable Gap Funding), concession on fuel rates, landing/parking charges and the infrastructural development of un-served airports have not only boosted the operations of giant airline companies but has also lead to the participation of regional start-up airlines such as M/s Star Air and M/s IndiaOne Air, and M/s Flybig. Other measures taken by the Government include:

I) The reduction in Value Added Tax (VAT) on Aviation Turbine Fuel (ATF) was taken up with the State Government / Union Territories levying high VAT on ATF. As a result, VAT on ATF has been reduced by 17 States/ UTs whose details are as below:

States which have reduced VAT on ATF in the range of 1 to 4%:

(i) Andaman & Nicobar Islands

(ii) Uttarakhand

(iii) Jammu & Kashmir

(iv) Ladakh

(v) Himachal Pradesh

(vi) Tripura

(vii) Madhya Pradesh

(viii) Haryana

(ix) Uttar Pradesh

(x) Dadra and Nagar Haveli & Daman and Diu

(xi) Arunachal Pradesh

(xii) Manipur

(xiii) Jharkhand

(xiv) Mizoram

Other States which have reduced VAT on ATF:

(xv) Gujarat - From 30% to 5%

(xvi) Goa - From 18% to 8%

(xvii) Karnataka - From 28% to 18%.

II) Goods and Services Tax on (GST) rate has been reduced from 18% to 5 % for domestic Maintenance, Repair and Overhaul (MRO) services.

III) Airports Authority of India (AAI) and other Airport Developers have targeted capital outlay of approximately Rs. 98,000 crore in airport sector in the next five years for expansion and modification of existing terminals, new terminals and strengthening of runways, among other activities.

IV) Government has approved Emergency Credit Line Guarantee Scheme (ECLGS) for the aviation sector. Based on the industry demand, the scope of ECLGS has been enhanced to provide credit support to these companies upto 100% of their total credit outstanding (both fund based and non-fund based outstanding) as on

reference dates, subject to a cap of Rs. 1500 crore per borrower, whichever is lower.