

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

**UNSTARRED QUESTION NO. : 6
TO BE ANSWERED ON THE 22nd July 2024**

GOVERNMENT'S SUPPORT FOR STRUGGLING AIRLINES

6. SHRI SANJAY RAUT

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

- (a) the steps being taken to enhance the infrastructure at airports to support the struggling airlines and improve their operational efficiency;**
- (b) the manner in which government is addressing the issues of high operational costs and fuel prices that are contributing to the financial crisis in airlines; and**
- (c) details on the progress of the regional connectivity scheme (UDAN) and its impact on the aviation sector?**

ANSWER

**Minister of State in the Ministry of CIVIL AVIATION
(Shri Murlidhar Mohol)**

(a) The upgradation of infrastructures/facilities at airports is a continuous process, which is undertaken by the Airports Authority of India (AAI) or the concerned Airport Operators depending upon operational requirements, traffic, demand, commercial feasibility etc. Both AAI and other PPP Airport Operators have embarked upon a Capex Plan for more than Rs.98,000 crore, including around Rs.25,000 crore by AAI during 2019-24, for development / upgradation / modernisation of various brownfield airports and developing Greenfield Airports to meet the passenger growth. Further, promoting affordability of regional air connectivity is envisioned under the Regional Connectivity Scheme (RCS)-UDAN by supporting Selected Airline Operators (SAOs) through various concessions by the Central Government, State Governments/UTs and airport operators to reduce the cost of operations on regional

routes and providing financial (Viability Gap Funding or VGF) support to meet the gap.

(b) The operating costs of Airlines are dynamic and their individual components vary due to multiple factors which include, inter-alia, price of Aviation Turbine Fuel(ATF) in International Markets, Foreign Exchange Rates, Duties and Taxes etc. The cost of Aviation Turbine Fuel (ATF) accounts for approximately 40% of the operational cost of airlines.

Government has facilitated the consultations between the airlines and Oil Marketing Companies (OMCs) on rationalisation of Aviation Turbine Fuel (ATF) pricing. Mean of Platts Arab Gulf (MOPAG) pricing was adopted, bringing more transparency and parity between global jet fuel price and jet fuel price in India. This protects airlines from abnormal ATF prices fluctuations. Issue of high value added tax (VAT) on ATF levied by States/Union Territories (UTs) has been taken up with the States/ UTs resulting in reduction of VAT by 19 States/ UTs. Ministry of Civil Aviation has also taken up the issue of inclusion of ATF under the ambit of GST with Ministry of Finance.

(c) RCS-UDAN has provided stimulus to the aviation sector in the country by, inter alia, development of airports/heliports/water aerodromes in tier-2 and tier-3 cities, facilitating growth of regional airlines, introduction of various types of aircraft etc. thereby providing affordable and accessible air travel to remote areas of the country. Till date, 579 routes have been operationalised, connecting 85 underserved and unserved airports, including 13 helipads and 2 water aerodromes. More than 141 lakh passengers have so far flown on RCS flights.
