

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

**UNSTARRED QUESTION NO. : 2263**

**TO BE ANSWERED ON THE 16th December 2024**

**IMPACT OF FUEL PRICES ON AIRFARES**

**2263. SHRI V. VIJAYASAI REDDY**

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

**(a) whether fluctuations in aviation fuel prices have affected airfares in the past years, and if so, the details thereof;**

**(b) whether measures are being considered to mitigate the impact of rising fuel costs on air travel affordability, and if so, the details thereof; and**

**(c) whether there have been any recent changes in Government's policy aimed at stabilizing fuel prices for the aviation sector, and if so, the details thereof?**

**ANSWER**

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

**(a) to (c): 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. In the case of scheduled Indian operators, the percentage share of aircraft fuel and oil expenses has been around 40% to 45% of total operating expenses depending on the aircraft type. ATF is subject to Value Added Tax (VAT), which varies by State and can range from 1% to 30%, depending on local taxing regulations.**

**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.**

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