

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION**

Rajya Sabha

STARRED QUESTION NO. : 243

TO BE ANSWERED ON THE 24th March 2025

RISING PRICES OF ATF LEADING TO HIGHER AIRFARE

243. SHRI NEERAJ DANGI

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

(a) whether Government is aware that air travel has turned expensive, if so, whether this rise can be attributed to the increase in the prices of Aviation Turbine Fuel (ATF);

(b) if so, the details of the increase in aviation fuel prices during the last three years, year- wise;

(c) the airlines that have increased the air fares due to the increase in ATF prices; and

(d) the details of the measures and efforts taken by Government to reduce ATF prices?

ANSWER

Minister of CIVIL AVIATION (Shri Kinjarapu Rammohan Naidu)

(a) to (d) A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) IN RESPECT OF RAJYA SABHA STARRED QUESTION NO. 243 FOR REPLY ON 24.03.2025 REGARDING "RISING PRICES OF ATF LEADING TO HIGHER AIRFARE" BY SHRI NEERAJ DANGI

(a) to (d): With continuous engagement with airlines & Online Ticketing Agents (OTAs) and keeping a watch on the movement of airfares by the government, the airfares have moderated in 2024 relative to 2023 on routes monitored by DGCA. The airlines have also been sensitized to ensure reasonability while fixing the airfares and to keep passengers' interest in mind.

The operating costs of airlines are dynamic and their individual components vary due to multiple factors which include, price of Aviation Turbine Fuel (ATF) in international markets, foreign exchange rates, excise duties and Value Added Tax (VAT), 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 multiple factors, like type of aircraft, operational efficiency and prevailing fuel prices. ATF is subject to Value Added Tax (VAT), which is levied by State and varies in the range from 0% to 29%.

Although ATF prices constitute a major aspect of airline operating expenses, airfares are also determined by various other factors like based on real time demand, competitive forces, seasonality and operational considerations. Hence, airfare cannot be solely attributed to single factor dependent on price of ATF.

Prices of Aviation Turbine Fuel (ATF) have been market determined with effect from 01.04.2001. ATF base prices as published by IOCL

for domestic airlines (at New Delhi) since April 2022 may be seen at Annexure.

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 jet fuel prices globally and in India.

Taking cognizance of the high value added tax (VAT) on ATF levied by States/ UTs, the issue was taken up with them. As a result, VAT on ATF has been reduced by 19 States/ UTs after this Ministry's request. Some of the States/ UTs still levy high VAT rates. They have been requested to reduce VAT rates on ATF.

Ministry of Civil Aviation has also taken up the issue of extending the GST regime to include ATF with the Ministry of Finance (MoF). Final decision on this matters rests with the GST Council, where States are also represented.

ANNEXURE

ATF base prices as informed by IOCL for domestic airlines (at New Delhi) since April 2022 are given below:

Date Effective from	Price (Rs./KL)
01-04-2022	74,480.00
01-05-2022	77,310.00
01-06-2022	80,650.00
16-07-2022	92,700.00
01-08-2022	80,990.00
01-09-2022	80,360.00
01-10-2022	76,310.00
01-11-2022	79,800.00
01-12-2022	77,800.00
01-01-2023	70,990.00
01-02-2023	74,030.00
01-03-2023	70,710.00
01-04-2023	63,980.00
01-05-2023	62,240.00
01-06-2023	57,460.00
01-07-2023	58,080.00
01-08-2023	63,650.00
01-09-2023	73,670.00

Date Effective from	Price (Rs./KL)
01-10-2023	77,780.00
01-11-2023	72,840.00
01-12-2023	69,100.00
01-01-2024	66,100.00
01-02-2024	65,220.00
01-03-2024	65,670.00
01-04-2024	65,340.00
01-05-2024	65,880.00
01-06-2024	61,070.00
01-07-2024	61,920.00
01-08-2024	63,220.00
01-09-2024	59,980.00
01-10-2024	55,740.00
01-11-2024	57,860.00
01-12-2024	58,810.00
01-01-2025	57,800.00
01-02-2025	61,460.00
01-03-2025	61,300.00

Source: IOCL
