

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO. : 989

TO BE ANSWERED ON THE 9th February 2026

AIRFARE TRENDS, ATF PRICING AND IMPACT ON CONSUMER

989. SHRI BABUBHAI JESANGBHAI DESAI

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

- (a) whether Government has assessed the impact of Aviation Turbine Fuel (ATF) price movements on air ticket pricing and airline cost structures?
- (b) whether rising ATF prices have contributed to higher fares for passengers?
- (c) whether meetings have been held with State Governments to rationalise ATF taxation and bring it under GST?
- (d) if so, the details and outcomes of such discussions?
- (e) whether safeguards and regulatory mechanisms exist to prevent excessive or arbitrary surge in pricing by airlines during peak travel seasons? and
- (f) whether measures have been taken to strengthen passenger grievance redressal systems and ensure timely enforcement of refund and compensation norms?

ANSWER

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

(a) & (b): Aviation Turbine Fuel (ATF) constitutes approx. 40-50% of the total operating expenses of an airline. Levying of VAT by the State/UT Government on ATF also affects its prices. The issue of high VAT on ATF has been taken up with the States/ UTs by this Ministry on regular basis.

(c): Airfares are not subject to regulation by the Government and airlines have the flexibility to determine their airfares based on their operational needs, while adhering to Rule 135 of the Aircraft Rules, 1937. The Government generally refrains from regulating airfares to maintain market competitiveness, however, it remains vigilant and intervenes in exceptional circumstances by adopting measures like redistributing capacity across various sectors and imposing temporary fare caps, such as during Pandemic, Maha kumb, Pahalgam incident & recently massive Indigo flight disruptions.

In order to enhance the transparency in airfare, Directorate General of Civil Aviation (DGCA) has set-up Tariff Monitoring Unit (TMU) that monitors airfares on selected 78 routes on a random basis by using airlines websites on monthly basis to ensure that the airlines do not charge airfares outside the range declared by them. This covers about 27% of the domestic traffic. By doing so, the TMU plays a critical role in maintaining airfare levels within the boundaries of the airlines' prescribed tariffs.

(d): Ministry of Civil Aviation (MoCA) has established a 24x7 Passenger Assistance Control Room (PACR) to enhance passenger-centric governance. This initiative integrates MoCA, DGCA, AAI, and airlines for real-time monitoring of flight disruptions, baggage issues, and refunds, aiming to accelerate grievance redressal and improve the overall travel experience. Further, passenger can lodge their grievances on Air Sewa Portal for timely redressal.

(e) & (f): There are no regulatory entry barriers for new airline entrants, and any company desirous of starting an airline can approach the Government with their proposed business plan for obtaining initial NOC. In last two years, the Ministry has given NOC to 07 airlines.

Further, capacity diversification is being encouraged through rationalisation of traffic rights, expansion of airport infrastructure, facilitation of fleet induction by multiple carriers, and broadening of regional air connectivity under the UDAN Scheme, which enables several airlines to operate on underserved and unserved routes.

MoCA has implemented the e-Sahaj (Single Window Digital Platform) for online processing of civil aviation related approvals, including issuance of NOCs, to ensure transparency and time-bound clearances and DGCA processes applications for AOC through its online e-GCA / digital certification systems, enabling electronic submission, tracking and monitoring of applications.
