GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO. : 11
TO BE ANSWERED ON THE 20th July 2026

UDAN SCHEME AND ATF TAXATION

11. SHRI ASHOKRAO SHANKARRAO CHAVAN

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

(a) whether the Central Government has taken cognizance of the pro-growth notification issued by Government of Maharashtra under Maharashtra Value Added Tax Act, 2002, which successfully reduced the VAT on Aviation Turbine Fuel (ATF) from 18 per cent down to 7 per cent;
(b) if so, whether Government plans to formulate a permanent, standardized, and competitive tax framework in coordination with other State Governments to stabilize these lower VAT rates, considering ATF constitutes nearly 35 per cent to 40 per cent of an airline's total operational cost; and
(c) projected impact of such fiscal rationalization on boosting regional connectivity, tourism, and passenger footfall under both Government's flagship UDAN?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

(Shri Murlidhar Mohol)

(a) to (c) Different rates of value added tax (VAT) are levied on Aviation Turbine Fuel (ATF) by the States/Union Territories (UTs). The rates so levied range from 0% to 29%. The issue of high VAT on ATF has been taken up with the States/ UTs by the Ministry of Civil Aviation. As a result, 23 States/ UTs have reduced VAT on ATF since September 2021. More recently, in May, 2026, the State of Maharashtra has also reduced the VAT on ATF from 18% to 7% for a period of 6 months. Lower VAT on ATF enables airlines to operate more efficiently and expand regional air connectivity, which leads to wider economic gains through enhanced tourism, business activity and employment.

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