

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 284
(To be answered on the 15th March 2018)

Benefits of Low Crude Oil Prices to Air Passengers

*284. SHRI VINOD LAKHAMASHI CHAVDA

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Government proposes to give the benefits of low crude oil prices to the people travelling by Air India; and

(b) if so, the details thereof?

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Suresh Prabhu)

(a) and (b): A Statement is laid on the Table of the House.

**STATEMENT IN REPLY TO PARTS (a) and (b) OF LOK SABHA
STARRED QUESTION NO.284 TO BE ANSWERED ON 15.03.2018
REGARDING BENEFITS OF LOW CRUDE OIL PRICES TO AIR
PASSENGERS TABLED BY SHRI VINOD LAKHAMASHI CHAVDA, MP.**

(a) and (b): The monthly average Aviation Turbine Fuel (ATF) prices over the past two years have shown an upward trend. Presently, the taxes on ATF consist of Excise duty @14% and State VAT ranging from 0 to 30%, and Green Cess @0.5% (at Goa only)..

Under the provision of Sub Rule (1) of Rule 135, Aircraft Rules 1937, airlines are free to fix reasonable tariff having regard to all relevant factors, including the cost of operation, characteristics of services, reasonable profit and the generally prevailing tariff. Air fare so established by the airlines is published on their respective website under the provision of Sub Rule (2) of Rule 135, Aircraft Rules 1937.

Air fares are not determined on basis of fuel price alone. Airline pricing is highly flexible. The pricing of air tickets by Air India is pegged against their competitors on the given route, keeping in view relative product strengths, fares offered by competitors, seasonality, flight frequency, timings and traffic flows etc. The extent of competition ensures that variation in ATF prices is passed on to the passengers.
