

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 235
(To be answered on the 22nd December 2022)**

LOSSES TO AVIATION SECTOR

***235. SHRI THIRUNAVUKKARASAR SU:**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Aviation Industry is estimated to report a net loss of Rs. 15,000 to Rs. 17,000 crore during the financial year 2022-2023 and if so, the details thereof;
- (b) the details of loss incurred by the industry during the last three years, year-wise along with the reasons therefor;
- (c) whether the Government has proposed any sops to make aviation industry profitable and create more employment opportunities in the sector;
- (d) if so, the details thereof and the steps taken by the Government in this regard; and
- (e) if not, the reasons therefor?

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Jyotiraditya M. Scindia)

(a) and (e) A statement is laid on the Table of the House

STATEMENT IN REPLY TO PART (A) TO (E) OF THE LOK SABHA STARRED QUESTION NO 235 FOR 22.12.2022 REGARDING LOSSES TO AVIATION SECTOR

(a) The actual figure of profit / losses to the aviation industry shall be known only when the audited account are available at the end of the financial year 2022-23.

(b) The details of losses incurred by the industry during the last three years are: FY 2019-20 Rs.4770 crore FY 2020-21 Rs.12479 crore and FY 2021-22 Rs. 11658 crore. The losses to the industry were primarily because of disruption during COVID -19 pandemic across the globe, currency depreciation (USD/INR), high operating cost environment, especially due to increase in ATF prices which constitute a major portion of the operational cost of Airline, increase in crude oil prices in international market, VAT, Excise duty and Ukraine - Russia War. Airlines were unable to pass full impact of cost increases to the passenger.

(c) to (e) The airlines and major airports are operated by the private sector and they evolve their own SOPs for cost minimisation and profitability. However, Government has taken various steps to facilitate the airlines. The UDAN Scheme of the Government of India is a game-changer for the aviation industry. The UDAN Scheme or Ude Desh Ka Aam Nagrik, is a regional connectivity scheme that seeks to make air travel accessible and affordable for the masses. The enhanced fiscal support in the form of VGF (Viable Gap Funding), concession on fuel rates, landing/parking charges and the infrastructural development of un-served airports have not only boosted the operations of giant airline companies but has also lead to the participation of regional start-up airlines such as M/s Star Air and M/s IndiaOne Air, and M/s Flybig which are operating exceptionally well. Other measures taken by the Government include:

I) The reduction in Value Added Tax (VAT) on Aviation Turbine Fuel (ATF) was taken up with the state Government / Union Territories levying high VAT on ATF. As a result 16 states have reduce VAT on ATF in the range of 1- 4% by (i) Andaman & Nicobar Islands, (ii) Uttarkhand, (iii) Jammu & Kashmir, (iv) Ladakh, (v) Himachal Pradesh, (vi) Tripura, (vii) Madhya Pradesh, (viii) Haryana, (ix) Uttar Pradesh, (x) Dadra & Nagar Haveli and Daman & Diu, (xi) Arunachal Pradesh, (xii) Manipur, (xiii) Jharkhand and (xiv) Mizoram reduced VAT on ATF below 5% and (xv) Gujarat and (xvi) Karnataka have reduced VAT on ATF 5% and 18% respectively in their States.

II) Goods and Services Tax on (GST) rate has been reduced from 18% to 5 % for domestic Maintenance, Repair and Overhaul (MRO) services.

III) Airports Authority of India (AAI) and other Airport Developers have targeted capital outlay of approximately Rs. 98,000 crore in airport sector in the next five years for expansion and modification of existing terminals, new

terminals and strengthening of runways, among other activities.

IV) Government has approved Emergency Credit Line Guarantee Scheme (ECLGS) to aviation sector. Based on the industry demand, the scope of ECLGS has been enhanced to provide credit support to these companies upto 100% of their total credit outstanding (both fund based and non-fund based outstanding) as on reference dates, subject to a cap of Rs. 1500 crore per borrower, whichever is lower.
