

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 94
(To be answered on the 2nd February 2023)**

AIRLINES FACING FINANCIAL CRISIS

94. SHRI RAMCHARAN BOHRA

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the number of airlines facing financial crisis during the last three years in the country;**
- (b) the details of the aviation services provided by these companies during the said period;**
- (c) whether the Government proposes to provide assistance to such companies in the public interest;**
- (d) if so, the details thereof; and**
- (e) if not, the reasons therefor?**

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(GEN. (DR) V. K. SINGH (RETD))

(a) to (e): Financial performance of scheduled Indian Airlines for the last 3 years is attached as Annexure-I. 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, increase in crude oil prices in international market, VAT, Excise duty and Ukraine - Russia War.

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 unserved airports have not only boosted the operations of giant airline companies but has also led to the participation of regional start-up airlines such as M/s Star Air, M/s IndiaOne Air and M/s Flybig. 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.**
- 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.**
