

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 2501  
(To be answered on the 3<sup>rd</sup> August 2023)**

**HIGH PRICE OF AVIATION FUEL**

**2501. SHRI NARANBHAI KACHHADIYA**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether the high price of aviation fuel is the major cause of slow growth rate in the civil aviation sector and if so, the details thereof;**
- (b) the steps taken by the Government to reduce the prices of aviation fuel in the country;**
- (c) whether any new production technique has been introduced in the country so as to lower the price of aviation fuel in the country; and**
- (d) 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))**

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**(a) The operating costs of airlines are dynamic and their individual components vary due to multiple factors which include, inter alia, price of Aviation Turbine Fuel (ATF) in international markets, foreign exchange rates, duties and taxes etc. In the case of scheduled Indian operators, the percentage share of aircraft fuel and oil expenses has been around 40% of total operating expenses depending on the aircraft type.**

**(b) Government has facilitated the consultations between the airlines and Oil Marketing Companies (OMCs) on rationalisation of Aviation Turbine Fuel (ATF) pricing. Mean of Platts Arab Gulf (MOPAG) pricing was adopted, bringing more transparency and parity between global jet fuel price and jet fuel price in India. This protects airlines from abnormal ATF prices fluctuations. Issue of high Value Added Tax (VAT) on ATF levied by States/Union Territories (UTs) has been taken up with the States/ UTs resulting in reduction of VAT by 19 States/ UTs. Ministry of Civil Aviation has also taken up the issue of inclusion of ATF under the ambit of GST with Ministry of Finance.**

**(c) & (d) At present, no such technique has been introduced.**

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