

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2788
(To be answered on the 5th August 2021)**

CHALLENGES BEFORE CIVIL AVIATION SECTOR

2788. SHRI MARGANI BHARAT

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the current challenges before the civil aviation sector in the country;
- (b) the manner in which our challenges are different from the global challenges;
- (c) whether reduction in jet fuel helps to address some of the challenges and if so, the details thereof;
- (d) the tax that a passenger pays on a ticket and the manner in which his Ministry is planning to convince the Ministry of Finance to bring down taxes;
- (e) whether any assessment has been made either by the Government or ICAO or IATA about the impact of COVID on aviation sector;
- (f) the time by which the Government is likely to start full-fledged domestic and international operations;
- (g) whether his Ministry has submitted any proposal to the Finance Ministry for a package for aviation sector; and
- (h) if so, the details thereof?

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) & (b) The COVID-19 pandemic has severely impacted the civil aviation sector globally. The Indian aviation sector including airlines, airports, and related services have also come under financial stress on account of COVID-19 pandemic. At present, the biggest challenge before Indian aviation as also before other countries in aviation is to overcome the adverse impact created by Covid pandemic. Thus at present, broadly the challenges before the Indian aviation are more or less similar to the global challenges faced by global aviation companies.
- (c) ATF (Jet fuel) cost is a major component of Operating Expenses of the airline. Reduction in ATF price will help the airline industry.
- (d) Goods and Service Tax (GST) for economy class flight ticket is already at

5% which is the lowest slab and for business class flight tickets GST is at the next higher slab of 12% only. Ministry of Civil Aviation has proposed to bring Aviation Turbine Fuel (ATF) under GST regime which will help reduce the net financial burden on the airlines.

(e) & (f) Yes Sir. International Air Transport Association (IATA) has assessed that due to the COVID pandemic the aviation sector has lost US Dollar 118.5 billion for 2020 globally. Airports Authority of India (AAI) has forecasted that the total passenger traffic in India is likely to reach pre-Covid level by 2024-25. Opening up of the domestic scheduled operations and relaxation in fare capping is subject to prevailing COVID-19 situation, status of operations and passenger demand for air travel. At present domestic operations have reached about 50% of pre-Covid level.

(g) & (h) Yes Sir. A proposal was sent to Ministry of Finance inter alia, seeking exemption of GST on air cargo services for essential commodities, reduction of excise duty on ATF, credit support to airlines by Oil Marketing Companies, interest subvention and financial assistance to Air India.
