

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3122
(To be answered on the 4th August 2022)**

HIKE IN ATF PRICES

**3122. SHRI KUMBAKUDI SUDHAKARAN
SHRI K. MURALEEDHARAN
SHRI BENNY BEHANAN
DR. A. CHELLAKUMAR**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the reasons for the 5.3 per cent hike in Aviation Turbine Fuel (ATF) in the year 2022;
- (b) whether the Russia-Ukraine conflict has contributed to rising ATF prices and if so, the details thereof;
- (c) the measures being taken to check the rising fuel prices;
- (d) whether the Government proposes to increase upper limits on domestic airfares amid rising fuel prices as demanded by some airlines; and
- (e) if so, the details thereof and 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) Some of the contributing reasons for the hike in prices of Aviation Turbine Fuel (ATF) include: increase in crude oil prices in international market, Ukraine-Russia war, foreign exchange rate variations and the consequent ad-valorem VAT plus excise duty.

Price of ATF has been made market-determined by the Government with effect from 01.04.2001. Since then, the Public Sector Oil Marketing Companies (OMC) take appropriate decision on pricing of ATF in line with international product prices and other market conditions. Government has consistently engaged in consultations with Airlines and OMCs on the issue of ATF pricing. Taking cognizance of the high VAT on ATF being levied by States, the issue was taken up with the States/ Union Territories. As a result, VAT on ATF has been reduced by sixteen States/ UTs viz.: (i) Andaman & Nicobar Islands, (ii) Uttarakhand, (iii) Jammu & Kashmir, (iv) Ladakh, (v)

Himachal Pradesh, (vi) Tripura, (vii) Madhya Pradesh, (viii) Haryana, (ix) Karnataka, (x) Uttar Pradesh, (xi) Gujarat, (xii) Dadra & Nagar Haveli and Daman & Diu, (xiii) Arunachal Pradesh, (xiv) Manipur, (xv) Jharkhand and (xvi) Mizoram.

Under normal circumstances, airfares are neither established nor regulated by the Government. Airlines are free to fix reasonable tariffs under the provision of Sub-rule (1) of Rule 135 of Aircraft Rules, 1937. However, due to the unprecedented circumstances prevailing due to the COVID-19 pandemic, fare bands with upper and lower limits were introduced by the Government under Section 8B of the Aircraft Act, 1934 as a temporary measure. The fare bands are revised from time to time in view of substantial hike in price of ATF in order to keep the aviation sector viable while protecting the interests of the passengers. Fare capping is, currently, applicable on a rolling basis for a 15-day cycle.
