

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3148
(To be answered on the 4th August 2022)**

LOSSES TO AVIATION SECTOR

3148. SHRI GANESH SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether instability in regulatory system for past some years has created the environment of stress and pressure among some industries and the Civil Aviation is one of them;
- (b) if so, whether the aviation companies have complaints that major issue of basic infrastructure is the biggest problem for delay on major airports;
- (c) if so, whether the aviation companies are incurring huge losses due to hike in aviation fuel prices, decreasing speed resulting additional capacity, mutual competition and additional charges levied by Airports Authority of India;
- (d) whether loans given to these companies have stuck because of the said reasons; and
- (e) 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))

(a) & (b) The aviation regulatory system has ensured safety and airworthiness standards in the civil aviation sector. It has also helped the aviation sector to address the impact of stoppage of flights globally during the COVID-19 pandemic.

Expansion and development of airports including airports in metro cities, is a continuous process and is undertaken by Airports Authority of India (AAI) or the concerned airport operator from time to time depending upon commercial viability, traffic demand, availability of land etc. The airport operators at major airports have undertaken and completed various development works at these airports including construction of new terminal buildings, airside expansion etc. This has led to significant improvement in the infrastructure at these airports and increased passenger handling capacity.

(c) Since cost of Aviation Turbine Fuel (ATF) accounts for approximately

40% of the operational cost of airlines, this price escalation has an adverse impact on the financials of the airlines. Some of the contributing reasons for the hike in prices of Aviation Turbine Fuel (ATF) include: increase in crude oil prices in international market, VAT, Excise Duty, Ukraine-Russia war and foreign exchange rate variations.

Tariff in respect of major airports is determined by the Airports Economic Regulatory Authority (AERA) in terms of Rule 86, 88 and 89 of the Aircraft Rules, 1937. For non-major airports, tariffs are levied by the Airports Authority of India (AAI) with the approval of the Ministry of Civil Aviation. The tariffs for international flights at non-major AAI airports were increased by 10% in the year 2009, 10% in December, 2016 and 5% in April, 2017. For domestic flights, tariffs were increased by 10% in the year 2009.

As regards domestic flights, tariff have not been revised since 2009. Considering the time gap since last revision of tariffs, the charges at non-major airports for domestic flights have been revised after 11 years in October, 2020.

(d) & (e) Debt servicing by airlines is an administrative matter of the individual airlines. However, the Government has extended Emergency Credit Lines Guarantee Scheme (ECGLS) to the Airlines. This scheme provides for 100% guarantee to member lending institutions in respect of eligible credit facility extended by them to its borrowers in the Civil Aviation (scheduled and non-scheduled airlines, chartered flight operators, air ambulances, airports and ground handling units) sector subject to the conditions mentioned therein.

Under the National Credit Guarantee Trustee Company Limited (NCGTC), borrowers from aviation sector have availed guarantee support under the Emergency Credit Line Guarantee Scheme (ECLGS) which has been extended up to March, 2023.
