

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 773  
(To be answered on the 21<sup>st</sup> July 2022)**

**COST CUTTING AND INCREASING CONVENIENCE**

773. **SHRI S. JAGATHRAKSHAKAN**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government agrees with the view that reducing the cost and increasing the convenience of flying into India is essential and if so, the details thereof; and
- (b) whether steps have been taken/proposed to be taken by the Government keeping in mind that the civil aviation sector is predicted to lose as much as Rs. 26,000 crore in the coming years and 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))

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(a) and (b) The government has taken various steps aimed at reducing the input costs in the aviation sector so as to ensure affordable airfares with enhanced passenger convenience.

Some of the measures taken by the Government to revive the civil aviation sector include the following:

(i) The issue of reduction of VAT on ATF has been taken up with the States/UTs. Till 13th July 2022, the following 16 States/UTs have reduced VAT on ATF:

Andaman & Nicobar Islands, Arunachal Pradesh, Dadar & Nagar Haveli and Daman & Diu, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Ladakh, Madhya Pradesh, Manipur, Mizoram, Tripura, Uttar Pradesh and Uttarakhand.

(ii) To reduce congestion at airports and to address the challenge of sub-optimal infrastructure, the Airports Authority of India (AAI) has taken up the development of new and existing airports with a projected capital expenditure of around Rs. 25,000 crores by the year 2025. This includes the construction of new terminals, expansion and modification of existing

terminals, expansion and/ or strengthening of existing runways, aprons, Airport Navigation Services (ANS) infrastructure, control towers and technical blocks etc.

(iii) The Public Private Partnership (PPP) airports at Delhi, Hyderabad and Bengaluru are undertaking major expansion projects of around Rs. 30,000 crores by 2025. Additionally, Rs. 36,000 crores have been planned for investment in the development of new Greenfield airports across the country under PPP mode.

(iv) The Government has extended the Emergency Credit Line Guarantee Scheme (ECLGS) to the airlines. The scheme provides for 100% guarantee to member lending institutions in respect of eligible credit facility extended by them to their borrowers in the civil aviation sectors, namely scheduled and non-scheduled airlines, chartered flight operators, air ambulances, airports and ground handling units, subject to the conditions mentioned therein.

(v) Due to the outbreak of COVID 19, scheduled domestic operations were suspended w.e.f. 25.03.2020 which were subsequently resumed in a calibrated manner from 25.05.2020 with fare capping (lower and upper limit on different sector) and capacity cap to ensure that airlines do not charge excessive fare and the journey is performed only for essential purpose. The fare band serves the dual purpose of protecting the interests of the travelers as well as the airlines.

(vi) Goods and Services Tax (GST) rate has been reduced from 18% to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.

(vii) A conducive aircraft leasing and financing environment has been enabled.

(viii) Improvement in air navigation infrastructure is being carried out to enable better utilization of airspace and airport capacity.

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