GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1937
(TO BE ANSWERED ON THE 30th July 2026)

IMPACT OF REDUCTION IN ATF ON AIRFARE

1937. SHRI KODIKUNNIL SURESH
Will the Minister of CIVIL AVIATION

be pleased to state:-

(a) whether the Government has taken note of the reduction in Aviation Turbine Fuel (ATF) prices and its impact on operating costs of domestic airline and if so, the details thereof;

(b) whether the Government has assessed that the reduction in ATF prices has resulted in a corresponding reduction in domestic airfares and fuel surcharge charged by airlines and if so, the details thereof;

(c) whether the Government has any mechanism to monitor the pass-through of reductions in ATF prices to passengers through lower airfares and ancillary charges and if so, the details thereof;

(d) whether the Government proposes to formulate guidelines or a framework to ensure that the benefits of lower ATF prices are reasonably reflected in airfares particularly on high-demand domestic routes and if so, the details thereof; and

(e) the other measures taken or proposed to be taken to reduce the cost of domestic air travel including rationalisation of taxes on ATF, airport charges, User Development Fee (UDF), Aviation Security Fee (ASF) and other components of airfare?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION (Shri Murlidhar Mohol)

(a) to (e): Airlines operating costs are dynamic in nature and their individual component varies due to multiple factors such as price of Aviation Turbine Fuel (ATF) in international markets, foreign exchange rates, excise duties and Value Added Tax (VAT), lease rentals, etc. ATF alone accounts for 35% to 40% of total operating expenses of airlines.;
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The ongoing geopolitical tensions in West Asia have significantly impacted ATF prices which has resulted in introduction of fuel surcharge in mid-March, 2026 by Indian carriers.The Fuel surcharge was introduced by the airlines in March, 2026 and was revised in the month of April 2026 based on flight distance.;
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The Government has taken several measures to support the aviation sector and help keep air travel affordable, which include, one time budgetary support not exceeding Rs. 10,000 crores

for Oil Markreting Companies (OMCs) to provide Aviation Turbine Fuel (ATF) price stablisation support to the Scheduled Indian Airlines due to exceptional fuel price volatality arising from the West Asia crisis.;

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For domestic operations, ATF prices were capped at a maximum increase of 25% over the 1st March, 2026 base price, effective from 1st April 2026 for the months of April and May, 2026.;

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The issue of high VAT on ATF has been taken up with the States/ UTs by the Ministry of Civil Aviation. As a result, 23 States/ UTs have reduced VAT on ATF since September 2021. More recently, the State of Maharashtra & Delhi have reduced the VAT on ATF from 18% to 7% & 25% to 7% respectively for a period of 6 months.;

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Additionally, Tariff Monitoring Unit (TMU) set up in Directorate General of Civil Aviation (DGCA) has ensured the implementation of flight distance wise ATF surcharge by the airlines on 72 domestic sectors.;

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Partial deferment of airport landing and parking charges for domestic operations at major airports along with a 25% rebate in such charges at Airports Authority of India (AAI) airports.;

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The government is also taking other proactive steps to make air travel more affordable, such as, enactment of the Protection of Interests in Aircraft Objects Act, 2025 to lower interest rates and lease rentals, rationalization of Central Excise Duty & GST on MRO components and contracts, among other measures.

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