

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3352
(To be answered on the 15th March 2018)**

Impact of ATF Price on Aviation Sector

**3352. SHRI MALLIKARJUN KHARGE
SHRI P.K. KUNHALIKUTTY**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the price of Aviation Turbine Fuel (ATF) for domestic airlines have increased from the past year and if so, the details thereof and the reasons therefor;
- (b) whether the Government has anticipated that a future rise in the crude oil prices can lower the country's passenger traffic and adversely impact the growth of aviation sector and if so, the details thereof and the steps taken by the Government in this regard;
- (c) whether due to a steep fall in crude oil prices in international market, the price of ATF has been slashed by 11.70% by the oil marketing companies, if so, the details thereof;
- (d) whether the Directorate General of Civil Aviation (DGCA) or Government has taken any steps to bring down the exorbitant airfare charged by the airline companies in India, if so, the details thereof;
- (e) whether the Government would ensure reduction in ATF price which in turn reduces the operating cost of the airlines, and lowering of airfares, if so, the details thereof; and
- (f) whether the Government is having any proposal to include ATF in GST provisions to have uniform ATF cost throughout India 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

(Shri Jayant Sinha)

(a) As informed by IOCL, the price of ATF (domestic) since 01.01.2017 at Delhi is at Annexure-1. The pricing of Aviation Turbine Fuel (ATF) was deregulated w.e.f 1st April, 2001 and the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of ATF in line with its international price and other market conditions.

(b): The cost of Aviation Turbine Fuel (ATF) constitutes approximately 35-50% of Operational cost of an airline in India. However, no analysis in this regard has been carried out by this Ministry.

(c) to (e): The pricing of ATF was deregulated and the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of ATF in line with its price and other market conditions.

Air fares are not fixed by the Government as they are determined by the interplay of market forces. Under the provision of Sub Rule (1) of Rule 135, Aircraft Rules 1937, airlines are free to fix reasonable tariff having regard to all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff Air fare so established by the airlines is published on their respective website under the provision of Sub Rule (2) of Rule 135, Aircraft Rules 1937.

The domestic airline pricing runs in multiple levels (bucket or RBD) which is in line with the practice followed globally. The lower fare in the fare bucket is available for advance booking much earlier which highly discounted fares are being offered by airlines that would entail travelling even during peak season on low fares. As time lapses and date of journey approaches closer, the fare in higher side of fare bucket is made available as per the respective airline policy.

Airline remains compliant with the regulatory provisions of Rule-135 as long as the fare charged by them does not exceed the fare established and displayed on their website.

(f): As per the provisions of Article 279 A (5) of the Constitution of India (inserted by the Constitution (one Hundred and First Amendment) Act, 2016), the Goods and Services Tax Council shall recommend the date on which Goods and Services Tax shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel. Till now the GST Council has not finalized the date from which the above five petroleum products would be taxed under GST.

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Annexue-1

Annexure for Lok Sabha Unstarred question No. 3352 for answer on 15.03.2018.

<u>Month</u>	<u>Price in Delhi(in Rs./KL)</u>
March 01, 2018	61,681.00
February 16,2018	61,139.00
February 01,2018	60,894.00
January 01,2018	57,460.00
December 01,2017	57,349.00
November 01,2017	54,143.00
October 01,2017	53,045.00
September 01,2017	50,020.00
August 01, 2017	48,110 .00
July 01, 2017	47,013.00
June 01, 2017	49,730.00
May 01, 2017	51,696.00
April 01, 2017	51,482.00
March 01,2017	54,293.38
February 01,2017	54,079.63
January 01, 2017	52,540.63

