

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:5273
ANSWERED ON:29.04.2002
FARE OF INDIAN AIRLINES
CHANDRA BHUSHAN SINGH

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Indian Airlines has decided not to hike passenger fare despite having suffered a loss of Rs. 950.65 crores during the just concluded financial year;
- (b) if so, the reasons therefor;
- (c) whether the Indian Airlines is purchasing Aviation Turbine Fuel at Rs. 19,000 kl. much higher than the current international price of Rs. 9,200 kl.; and
- (d) if so, the reasons therefor?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) and (b): Indian Airlines has with the approval of the Government adopted a Flexible Fare Policy w.e.f. 25th May, 2001. The Flexible Fare Policy enables Indian Airlines to consider fare variations (increase or decrease) on sector to sector and season to season basis depending on a variety of factors including market size, share price sensitivity and other market related factors. With the Flexi Fare Policy an endeavour has been made to make the fares market based than cost based.

As per the Revised Estimates 2001-2002, the losses of Indian Airlines are 250.65 crores.

(c) and (d): The average price paid by Indian Airlines on purchase of ATF has been Rs.18,500/KL. during 2001-2002 against the average international price of Rs.9,200/KL. This is mainly due to high basic price and levy of Sales Tax by States at high rates averaging 25%. In order to rationalise sales tax on ATF, Indian Airlines had requested the Government to categorise ATF as 'declared goods' in the Central Sales Tax Act so as to cap maximum rate of sales tax to 4%. The matter is under active consideration of the Government.