

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

STARRED QUESTION NO:293

ANSWERED ON:14.12.2011

ASSISTANCE TO PRIVATE AIRLINES

Gaikwad Shri Eknath Mahadeo;Kodikunnil Shri Suresh

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether the representatives of certain private airline companies have sought assistance/concessions;
- (b) if so, the details thereof;
- (c) the main demands made by these private airlines;
- (d) the reaction of the Government thereto; and
- (e) the steps taken by the Government in this regard?

**Answer**

MINISTER OF OVERSEAS INDIAN AFFAIRS & MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI)

(a)to(e) A Statement is laid on the table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN REPLY TO STARRED QUESTION NO. 293 DATED 14.12.2011 REGARDING Assistance to Private Airlines.

(a)to(c):- Airlines have sought policy related dispensation from the Ministry to enable growth and viability of the sector in the areas of lowering of taxes on ATF, review of levying of service tax, increased utilization of bilateral etc. Airlines have also requested Reserve Bank of India for the following:

1. Special dispensation from Reserve Bank of India (RBI) to reconsider re-financing of rupee loans including the loans related to Working Capital as a permissible end-use for External Commercial Borrowings (ECB) for the airline industry.
2. RBI should agree to extend all the benefits of infrastructure sector to the Civil Aviation Industry (including the airlines companies) for a sustainable growth.
3. Special dispensations from RBI to treat Pre-Delivery Payment (PDP) loan as secured as presently it is treated as unsecured.

(d)and(e):- The Ministry has taken up the issue of sales tax on ATF with various State Govts. Governments of Chhattisgarh, Maharashtra (for airports other than Mumbai and Pune) and Rajasthan with certain conditions have reduced the sales tax on ATF and lowered it down to 4%. On other issues, the Government has constantly been responding to changing scenario and formulating sector specific policies to facilitate and enable