

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2462
ANSWERED ON:08.12.2014
AVIATION TURBINE FUEL
Mani Shri Jose K.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Aviation Turbine Fuel (ATF) is a major difficulty being faced by the airlines in the country;
- (b) if so, the details thereof along with the ATF cost vis-a-vis the total operating cost;
- (c) whether the Government proposes to rationalize ATF pricing and to review the tax structure so as to make airline operations more viable; and
- (d) if so, the details and the present status thereof and if not, the reasons therefor?

Answer

Minister of State in the Ministry of CIVIL AVIATION (Dr Mahesh Sharma)

(a) & (b): Yes Madam. Aviation Turbine Fuel (ATF) constitutes about 40-50% of Operational cost of an airline in India. High cost of ATF affects the viability of airlines.

(c) & (d): Government has taken various steps to rationalize the Tax of ATF. The matter of reduction in tax on ATF has been taken up with State Governments. Some of the State Governments have responded positively and reduced the rate of tax on ATF from 20-30% to 4-5%. The Ministry of Civil Aviation had taken up the issue of inclusion of ATF in the category of 'Declared Goods' recently with the Department of Revenue, Ministry of Finance. This was deliberated upon by the Empowered Committee of State Finance Ministers wherein it was unanimously agreed by the States that ATF should not be notified as 'Declared Goods'.