

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:3625  
ANSWERED ON:15.12.2014  
LOSSES INCURED BY AIRLINES  
Devi Smt. Veena

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

- (a) whether the high price of ATF in the country has caused losses to the air service providers in the country; and
- (b) if so, the details thereof along with the reaction of the Government thereto?

**Answer**

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

(a) & (b) Since cost of Aviation Turbine Fuel (ATF) constitutes about 40- 50% of Operational expenses of an airline in India, it affects the viability of airlines.

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` 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`.

As per present import policy, import of Aviation Turbine Fuel (ATF) is permitted under State Trading Enterprises (STEs) regime. However, Directorate General of Foreign Trade (DGFT) has permitted Kingfisher Airlines Ltd, Spicejet Ltd, Interglobe Aviation Ltd, Go Airlines Ltd and Air India to directly import ATF on actual user basis under Para 2.11 of Foreign Trade Policy.