

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1771
(TO BE ANSWERED ON THE 10th March 2021)**

CAPITAL INFUSION IN AVIATION SECTOR

1771. SHRI DEREK O' BRIEN

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

- (a) whether the airlines have sought capital infusion in the sector as financial relief and the details thereof;
- (b) whether there is a possibility of airlines not being able to sustain losses due to COVID-19 restrictions in flight operations and the details thereof; and
- (c) the details of initiatives being taken by Government to ensure the financial viability of the aviation sector?

ANSWER

MINISTER OF STATE (IC) IN THE MINISTRY OF CIVIL AVIATION

(Shri Hardeep Singh Puri)

- (a) Relief sought by the airline operators to mitigate the hardship faced by them, inter-alia, are as under:
 - i. Aviation Turbine Fuel (ATF) to be brought under GST.
 - ii. Excise duty on ATF to be reduced from 11% to 0%.
 - iii. ATF price to be set every fortnight instead of on a monthly basis.
 - iv. Government to facilitate an additional unsecured credit of 60 days of consumption of ATF by the oil marketing companies.
 - v. Deferment of tax and other statutory dues for a period of six months.
 - vi. Lending to ground handlers, airlines and MROs by banks and other Financial Institutions to be treated as priority sector lending.
 - vii. Government may facilitate negotiation with lessors in order to persuade them to ease the lease terms.
 - viii. An interest free line of credit to be set up for the aviation sector of at least USD 1.5 billion.
 - ix. Banks and Financial Institutions may be asked to defer repayment of loans to the aviation industry by six months and should not be treated as Non-Performing Assets (NPA).
 - x. Leave Travel Concession (LTC) for Government and Public Sector Employees to be permitted on private carriers.

(b) Based on the information received from the stakeholders, the airline carriers have been affected due to restrictions on domestic and international passenger movement in the wake of the COVID-19 pandemic. In view of the mitigating measures taken by the Ministry, the aviation sector has considerably recovered. The details are given below:

- i. The number of domestic departing flights per day has increased from 428 on 25 May 2020 to 2,353 on 28 February 2021.
- ii. The number of domestic departing passengers has increased from 30,550 on 25 May 2020 to 3,13,668 on 28 February 2021.
- iii. The revenue of Indian carriers has increased from around INR 4,000 crore during April-June 2020 to over INR 12,000 crore during October-December 2020.

(c) The measures undertaken to strengthen the civil aviation sector, include inter-alia:

i. Domestic air services have been restarted in a calibrated manner, from one-third (33%) of the summer schedule 2020 initially allowed to be operated and increased progressively to 45% on 26 June 2020, which presently is at 80% since 03 Dec 2020.

ii. Operation of Regional Connectivity Scheme (RCS) - UDAN (Ude Desh Ka Aam Nagrik) flights allowed without the above-mentioned restrictions.

iii. As on 01 March 2021, exclusive air-links or Air Bubbles have been established with 27 countries. These are temporary arrangements aimed at restarting international passenger services while regular international flights remain suspended due to COVID-19. In addition, international repatriation flights are being operated on many sectors under Vande Bharat Mission.

iv. Route rationalization in the Indian airspace in coordination with Indian Air Force for efficient airspace management, shorter routes and lower fuel consumption.

v. Promotion of private investments in existing and new airports through the PPP route.

vi. Goods and Services Tax (GST) rate reduced to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.

vii. Enabled re-export of leased aircraft in fully or partly knocked-down condition for value realisation of serviceable parts.

viii. Provided real-time solutions to link ruptured domestic and international air cargo logistics and supply chains.

ix. Encouraged Indian carriers to increase their share in international air cargo traffic.

x. Adequate care taken to ensure that cargo terminals at airports were operational with due safety, whenever required.

xi. With a view to optimally utilise the unused infrastructure at AAI airports and enhance the number of licensed pilots in the country, 05 AAI airports (Lilabari, Khajuraho, Belagavi, Kalaburgi and Jalgaon) have been identified where Flying Training Organisations would be permitted to operate with highly discounted concession fee and zero royalty.
