



Ministry of Civil Aviation



## 16 States/UTs have reduced VAT on aviation fuel till now

## GST rate has also been reduced from 18% to 5% for MRO services

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During 2021-22, Indian airports carried around 83 million domestic passengers registering a growth rate of 59% as compared to 2020-21. As compared to the pre-pandemic domestic passenger traffic of around 136 million (2019-20), the traffic in 2021-22 has declined by 39%. Details are enclosed in the *Annexure*. Challenges that affect the profitability of the domestic aviation sector include high cost of aviation fuel, foreign exchange variations, constrained airport infrastructure and highly price-sensitive customers etc.

Some of the steps that the Government has taken overcome the challenges are as follows:

(i) Several States/ UTs that imposed a high rate of VAT on aviation fuel were requested to rationalise the same. 16 States/UTs responded positively including: Andaman and Nicobar Islands; Arunachal Pradesh, Dadra and Nagar Haveli and Daman and Diu; Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir; Jharkhand, Karnataka, Ladakh, Madhya Pradesh, Manipur, Mizoram, Tripura, Uttar Pradesh and Uttarakhand.

(ii) Goods and Services Tax (GST) rate has been reduced from 18% to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.

(iii) A conducive aircraft leasing and financing environment has been enabled.

(iv) Improvement in air navigation infrastructure is being carried out to enable better utilization of airspace and airport capacity.

(v) To reduce congestion at airports and to address the challenge of sub-optimal infrastructure, Airports Authority of India (AAI) has taken up development of new and existing airports with a projected capital expenditure of around Rs. 25,000 crores in next five years. This includes construction of new terminals, expansion and modification of existing terminals, expansion and/ or strengthening of existing runways, aprons, Airport Navigation Services (ANS) infrastructure, control towers and technical blocks etc.

(vi) The Public Private Partnership (PPP) airports at Delhi, Hyderabad and Bengaluru are undertaking major expansion projects of around Rs. 30,000 crore by 2025. Additionally, Rs. 10,000 crores have been planned for investment in the development of new Greenfield airports



across the country under PPP mode.

(vii) Government of India (GoI) has accorded 'in-principle' approval for setting up of 21 Greenfield Airports across the country. So far, eight Greenfield airports namely, Sindhudurg and Shirdi in Maharashtra, Durgapur in West Bengal, Pakyong in Sikkim, Kannur in Kerala, Orvakal in Andhra Pradesh, Kalaburagi in Karnataka and Kushinagar in Uttar Pradesh have been operationalised.

## Annexure

### Annexure in reply to Lok Sabha Unstarred Question 843

Domestic passenger throughput & year on year growth rate for all Indian airports taken together

Year	All India pax in million	% Change over previous year
2019-20	136.54	-0.4%
2020-21	52.54	-62%
2021-22	83.34	59%
2021-22 % Change over 2019-20( Pre Covid)	-39%	

This information was given by the Minister of State in the Ministry of Civil Aviation Gen. (Dr) V. K. Singh (Retd) in a written reply to a question in Lok Sabha today.

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YB/DNS



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