

'LONG FESTERING PROBLEM': INDIGO URGES GOVT TO CUT CENTRAL EXCISE TAXES ON FUEL

Relevant for: Indian Economy | Topic: Infrastructure: Airports

India's largest airline InterGlobe Aviation-run IndiGo on Wednesday requested the ministry of finance to take some immediate action on central excise taxes on fuel.

IndiGo in a press statement said central excise taxes on fuel should be cut from 11% to 5% and that aviation turbine fuel (ATF) should be brought under GST.

On Wednesday, IndiGo shares were down 1.31% to close at 2,084 apiece on NSE.

"Civil aviation provides efficient infrastructure, critical for economic growth and employment in our country. Yet, aviation pays 21% of its revenues to the government in indirect taxes with very little input credit," IndiGo CEO Ronojoy Dutta said.

"This unreasonable proposition is resulting in an industry that is chronically ill and is unable to live up to its true potential of boosting commerce and employment."

"We would request the finance ministry to take some immediate action to address this long festering problem. Central excise taxes should be reduced from 11% to 5%, ATF should be brought under GST and custom duties on repair parts should be eliminated," IndiGo said.

On January 17, rating agency Crisil said in a report that Indian carriers are likely to incur a massive loss of approximately 20,000 crore in 2021-22 due to third wave of the COVID-19 pandemic and rising fuel prices.

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