

Indian airlines on 'verge of closing' over Iran war-driven jet fuel hikes

Federation of Indian Airlines says current prices result in 'non-operatable conditions' for carriers

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India's major airlines have warned of a potential suspension of services due to fuel price hikes amid the US-Israeli war on Iran, as they asked for the return of temporary financial relief measures from the COVID pandemic period.

The Federation of Indian Airlines, which represents the country's biggest private carriers IndiGo, Air India, and SpiceJet, pleaded with the Ministry of Civil Aviation to reintroduce caps on aviation turbine fuel and temporarily suspend excise duty on it as ad hoc pricing is "rendering airline networks

unviable and unsustainable."

Such measures have been in place before, "when (a) similar scenario had arisen immediately after COVID pandemic," the federation said in a letter to the ministry, which has since been circulated among the local media.

"The airline industry in India is under extreme stress and (is) on the verge of closing down or of stopping its operations. The dire condition of the aviation sector has been exacerbated by the West Asia war and the exorbitant increase in the price of ATF."

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HIGHLIGHT

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"This unprecedented increase in ATF cost has moved the airlines' operation cost from 30%-40% to 55%-60% creating completely non-operatable conditions for airlines," the FIA letter read, adding that while airlines had managed their operations amid air space closures in the Middle East, their operations

are "being challenged in totality" by the prices of fuel.

As the world's third-largest consumer of oil, India has been affected by the closure of the Strait of Hormuz since the beginning of US-Israeli attacks on Iran on Feb. 28.

The narrow waterway is a crucial global shipping route through which about one-fifth of the world's seaborne oil passes. India is among the countries most impacted by its blockade as a large share of its oil comes from Gulf countries like Iraq, Saudi Arabia, the UAE, and Kuwait.

The cost of fuel adds to losses incurred from flight cancellations in India due to the domino effect of initial airspace closures in the Gulf region.