# ATF Price Stabilisation Fund – Key Cabinet Decisions to Balance Economic Stability, Connectivity and Environmental Goals

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## ATF Price Stabilisation Fund Latest News

- Amid the ongoing West Asia crisis and unprecedented volatility in global aviation fuel markets, the Union Cabinet has approved a **₹10,000 crore** one-time budgetary support mechanism for public sector Oil Marketing Companies (OMCs).
- This aims to stabilise Aviation Turbine Fuel (ATF) prices for Indian airlines.
- Simultaneously, the Cabinet approved major initiatives for pollution reduction in Delhi-NCR and highway infrastructure development in Odisha and Bihar.

## ATF Price Stabilisation Support for Indian Airlines

- **Need:**

- The West Asia conflict and disruption of maritime routes, including the **Strait of Hormuz**, have sharply increased international ATF prices.
    - **For example**, jet fuel prices rose from about ₹60.5 per litre (in March, 2026) to ₹142 per litre (in May, 2026)—an increase of nearly **135%**.
    - ATF constitutes around 40% of airline operating costs under normal conditions, but its share recently increased to 55–60%, severely affecting airline profitability and operations.
- **Key features:**
    - **Budgetary support**: ₹10,000 crore.
    - **Beneficiaries**: Public sector OMCs to support scheduled Indian airlines.
    - **Duration**: 36 months (three years).
    - **Nature of support**: Interest-free advances provided through the Ministry of Petroleum and Natural Gas.
    - **Coverage**: Applicable only to Indian carriers for both domestic and international operations.
    - **Implementation mechanism**: Airlines availing the facility must procure ATF exclusively from participating OMCs during the support period.
- **Working:**
    - A benchmark ATF price will be fixed.
    - Whenever international import-parity prices exceed the benchmark, OMCs will be compensated from the corpus.
    - When fuel prices decline, the excess amount will be recovered from OMCs and returned to the Consolidated Fund of India.
    - The arrangement is designed as a self-sustaining **revolving fund**, ensuring eventual recovery of government support.
- **Monitoring framework:** Representatives from the Ministry of Civil Aviation (MoCA), Ministry of Petroleum and Natural Gas (MoPNG), and Department of Expenditure, will oversee claim verification, reconciliation, audits and settlement.

## Significance of the Measure

- **For airlines:** Provides predictability in fuel costs. Improves operational and financial planning. Helps sustain domestic and international connectivity. Reduces pressure to increase passenger fares.
- **For OMCs:** Protects them from losses caused by volatile international fuel prices. Supports their financial health at a time when they are already facing under-recoveries in several petroleum products.
- **For the economy:** Expected to protect approximately 77 lakh jobs linked to the aviation ecosystem. Ensures continuity of air transport, tourism, trade and business travel. Limits inflationary pressure arising from higher airfares.

## Challenges in the Aviation Sector

- Indian airlines have been facing **multiple disruptions**:
    - Sharp rise in global jet fuel prices.
    - Closure of Pakistan’s airspace for Indian carriers.

- Airspace disruptions in the Gulf region due to the West Asia conflict.
- Longer flight routes to Europe and North America, resulting in greater fuel consumption and operating costs.
- These factors have particularly affected Air India, which has curtailed both international and domestic flight schedules.

## NCR Clean Mobility Scheme

- **Objective**: The Cabinet approved a scheme (with a financial outlay of ₹9,585 crore, and duration of two years) to support the National Capital Region Planning Board (**NCRPB**) in replacing older, polluting commercial vehicles in Delhi-NCR.
- **Key features:**
  - **Coverage**: Delhi, Haryana, Rajasthan and Uttar Pradesh within the NCR region.
  - **Target vehicles**: Trucks and buses complying with BS-IV or earlier emission norms.
  - **Replacement options**: BS-VI compliant vehicles or electric vehicles (EVs).
- **Expected outcomes:** Replacement of nearly 2 lakh trucks and 16,000 buses. Reduction in particulate matter and vehicular emissions. Promotion of cleaner mobility and accelerated EV adoption. Improvement in regional air quality.

## Other Cabinet Decisions

- **Coastal highway project in Odisha:**
  - **Project details:** The Cabinet Committee on Economic Affairs (CCEA) approved construction of a new coastal highway connecting Rameshwar and Paradip in Odisha.
- **Benefits:**
  - Enhanced connectivity to ports and coastal economic zones.
  - Boost to tourism, logistics and regional development.
  - Improved disaster-response and evacuation capability along the coast.
- **NH-31 and NH-231 upgradation in Bihar:**
  - **Project highlights:** The CCEA also approved four-laning of the Khagaria–Purnea section of NH-31 and NH-231 to improve connectivity across northern and eastern Bihar.
- **Expected benefits:**
  - Faster movement of goods and passengers, improved logistics efficiency.
  - Better integration of economic and social centres.
  - Strengthened regional development and market access.

## Conclusion

- The Cabinet's decisions reflect a **multi-dimensional policy approach** combining economic resilience, infrastructure expansion, energy security, environmental sustainability and employment protection.
- This will also address immediate disruptions caused by global geopolitical instability and advancing long-term developmental goals.

**Source:** **AIR** | **IE**