

## **ATF prices surge - IndiGo introduces distance-based fuel charge**

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**New Delhi: India's largest airline IndiGo on Thursday (October 5) said that it is introducing a fuel surcharge between Rs 300 and Rs 1,000 on domestic and international routes with effect from Thursday midnight (October 06, 2023).**

"Under this pricing structure, passengers booking IndiGo flights will incur a fuel charge, per sector, based on the sector distance," the carrier said in a statement. As fuel charge, IndiGo will charge Rs 300 for distances up to 500 kilometre, Rs 400 for 501-1,000 km, Rs 550 for 1,001-1,500 km, Rs 650 for 1,501-2,500 km, Rs 800 for 2,501-3,500 km and Rs 1,000 for above 3,500 km.

With this announcement, a Bengaluru-Mumbai flight will accrue a fuel surcharge of Rs 400, Bengaluru-Delhi and Bengaluru-Kolkata flights will attract Rs 650.

The decision follows the significant increase in Aviation Turbine Fuel (ATF) prices, which have surged in the last three months with consecutive price hikes every month, the airline said however, did not specify whether it would periodically the fuel charge in line with revision in ATF prices by oil marketing companies.

This is not the first time IndiGo has imposed a fuel charge due to high ATF prices.

The no-frills carrier had earlier in May 2018 imposed a fuel surcharge to offset the sharp uptick in oil and ATF prices that added to the airline's cost of operation.

Senior executives at two competitors told DH on condition of anonymity, that they may also increase prices to offset the increase in ATF prices.

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In India, ATF prices are deregulated and are set in line with global rates. The jet fuel, after the recent hike, is priced at Rs 1,18,199.17 per kilolitre (kl) in Delhi, Rs 1,10,592.31 per kl in Mumbai, Rs 1,26,697.08 per kl in Kolkata, and Rs 1,22,423.92 per kl in Chennai, as per information provided by the country's largest fuel retailer Indian Oil Corporation (IOC).

The fuel price levels vary across the country due to differences in levies charged by states. Overall, they have risen by over 32% since June and are currently the highest since December of last year.

Global benchmark Brent crude, on the other hand, is trading at over \$95 per barrel, up around 14% from a month ago and around 28pc from three months ago. Along with crude oil, which is the raw material for petroleum fuels including ATF, margins on various fuels have also been firming up in the international market as major oil producers Saudi Arabia and Russia announced the extension of their voluntary supply cuts till the end of 2023.

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