



Pradeep Singh Kharola, Air India CMD.

With rising fuel costs, state-owned, loss-making Air India will not levy a fuel surcharge, which was added by IndiGo Airlines recently, but surely look at revising fares. Air India chairman and managing director Pradeep Singh Kharola told FE that while the introduction of a fuel surcharge is ruled out, an adjustment of fares was very much on the cards.

“The rise of fuel prices is a cause of concern. There has been a 30% hike in jet fuel since last year. We are adjusting fares and improving efficiencies in our operations to tackle rising fuel costs,” he said. His comments that fares need a revision in the context of rising fuel cost (aviation turbine fuel), which comprises around 40% of the airline’s overall expense, assume significance because so far fares have been soft compared with last year.

Recently, no-frills carrier IndiGo levied a fuel surcharge of up to Rs 400 per passenger on domestic routes to offset rising oil prices, a move that would increase fares. A sum of Rs 200 would be levied on every ticket on routes of less than 1,000 km. The amount would be Rs 400 on routes longer than 1,000 km.

ATF prices have risen to Rs 70,028 per kilolitre as on June 1, 2018, in the national capital compared with Rs 49,730 a kilolitre exactly a year ago. Kharola, who declined to speak on issues related to the divestment of the government’s 76% stake in the airline that failed

recently, stating that these are issues the government is looking into, added that the airline is improving its operational and financial performance. “We are improving our operational and financial performance. Our load factor, on-time performance and revenues are rising due to measures like route rationalisation and better utilisation of aircraft and manpower management,” he said.

Air India had a net loss of Rs 5,765 crore in FY17, which analysts say could widen in FY18 due to high fuel cost. The carrier recorded 84% passenger load factor in April carrying 1.53 million domestic travellers with 13.3% market share, as per aviation regulator data. He said that the airline will get delivery of nine Airbus A320neos during this fiscal which will add to its 115-strong operating fleet size. It had placed an order of 27 narrow-body aircraft around two years ago, of which 18 have been received so far.

**By Arun Nayal**

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