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SpiceJet gets DGFT nod for jet fuel import

Our Bureau

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Budget carrier SpiceJet has received the Government approval for directly importing jet fuel from overseas market.

This will enable the airline company to substantially lower costs. Industry estimates put the saving at about 10 per cent of operational costs.

Fuel expenses contribute to about 40 per cent of total expenses for airline companies.

SpiceJet is the first airline in the country to have received the Director General of Foreign Trade (DGFT) nod for the direct

import of aviation turbine fuel (ATF), the company said in a statement on Wednesday.

The airline is negotiating with leading oil marketing companies for imports, it said.

"The airline sector will benefit from direct imports of fuel due to high ATF prices in India and we hope to commence the import of fuel in due course.

"Importing fuel from overseas market at comparatively lower price would help us to considerably bring down our operational cost," SpiceJet Ltd Chief

Executive Officer, Mr Neil Mills, said. The airline's fuel expenses had gone up by 90 per cent in the quarter ending December 2011 over the same period the previous year.

ATF prices are currently in the range of Rs 67,631 per kilolitre in Delhi to Rs 76,222 in Kolkata.

The difference in prices is due to State taxes.

Shares of SpiceJet were up 5.75 per cent to Rs 34.95 on the Bombay Stock Exchange on Wednesday.

Our Delhi Bureau adds: Sales tax ranges from 4 to 32 per cent in various States. The sales tax rate is 20 per cent in

Delhi, 25 per cent in Mumbai and 29 per cent in Chennai.

It said while announcing the third quarter result, "Aircraft fuel expenses were 90 per cent higher than that of the same period last year.

"Fuel costs as a proportion constituted 50 per cent of the total revenue in the current quarter compared with 37 per cent in corresponding previous year quarter.

"Increased cost of crude oil plus 24 per cent tax on ATF are continuing to impact the India civil aviation sector adversely."