



UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

DAILY CURRENT AFFAIRS

Cabinet Approves ₹10,000-Crore ATF Price Stabilisation Fund for Airlines

5 June 2026 · ECONOMY · GS3

CURATED & WRITTEN BY



Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

ALSO FROM THE CREATOR

BharatNotes

Free UPSC notes, MCQs, PYQ analysis. **100% Free.**

bharatnotes.com →

ADVERTISE

Advertise with Ujiyari

Reach thousands of UPSC aspirants daily.

epicbharat@gmail.com

Cabinet Approves ₹10,000-Crore ATF Price Stabilisation Fund for Airlines

5 June 2026 · 3 min read · ·

Source: ujjyari.com — Free UPSC & State PCS Current Affairs

WHY IN NEWS

The **Union Cabinet** approved the creation of a **₹10,000-crore Price Stabilisation Fund** for scheduled Indian airlines on **June 3, 2026**. The one-time budgetary support responds to extreme **volatility in Aviation Turbine Fuel (ATF)** prices triggered by the **West Asia crisis**, which drove international ATF from around **₹60.50 per litre in March 2026 to ₹142 per litre in May 2026** — a spike that threatened airline solvency and risked sharp airfare increases.

THE TRIGGER: A FUEL PRICE SHOCK

ATF — the kerosene-based fuel used by jet aircraft — is the single largest cost head for airlines, typically **around 40% of operating costs**, and rising to **as much as 60% during extreme volatility**. Because India imports roughly **85% of its crude oil**, domestic ATF prices track global crude and refining margins closely.

The **West Asia crisis** disrupted supply and risk premiums across the region, sending ATF prices up by well over 100% in two months:

MONTH (2026)	INTERNATIONAL ATF PRICE
March	~₹60.50 per litre
May	₹142 per litre

For an industry with thin margins, a doubling of its biggest cost in a quarter is an existential shock — hence the government’s intervention.

HOW THE FUND WORKS

The mechanism is deliberately structured as a **revolving, recoverable** support rather than a subsidy:

ELEMENT	DETAIL
Size	Up to ₹10,000 crore (one-time)
Routed through	Oil Marketing Companies (OMCs)
Form of support	Interest-free advances to OMCs
Purpose	Enable OMCs to moderate ATF prices for scheduled domestic carriers
Recovery	When prices moderate, the differential is recovered from OMCs and returned to the Consolidated Fund of India
Duration	Up to 36 months , subject to annual review, or until the advance is fully settled

The Consolidated Fund Angle

The repayment of recovered amounts into the **Consolidated Fund of India** is constitutionally significant. Under **Article 266(1)** of the Constitution, the Consolidated Fund of India is the account into which all government revenues, loans raised, and recoveries flow. Money can be withdrawn from it only by **parliamentary appropriation**. Structuring the ATF support as an advance that is later recovered into this fund keeps the intervention fiscally accountable and time-bound.

WHY NOT JUST CUT TAXES ON ATF?

A recurring policy debate is whether ATF should be brought under the **Goods and Services Tax (GST)**. Currently, ATF is **outside GST** — it attracts central **excise duty** plus widely varying **state VAT** (ranging from 1% to nearly 30% across states). This makes ATF taxation fragmented and often very high.

The stabilisation fund is a **one-time crisis response**, not a structural fix. The structural debate — bringing ATF under GST so airlines can claim input tax credit and face uniform rates — remains in the **GST Council's** domain and is unresolved.

UPSC RELEVANCE

Prelims

- **Fund size:** up to ₹10,000 crore (one-time)
- **Approved:** June 3, 2026 (Union Cabinet)
- **ATF price:** ₹60.50/litre (March 2026) → ₹142/litre (May 2026)

- **Support form:** interest-free advances to **Oil Marketing Companies (OMCs)**
- **Duration:** up to 36 months
- **Recovery:** into the **Consolidated Fund of India (Article 266)**
- **ATF share of airline costs:** ~40% (up to 60% in volatility)
- ATF is **outside GST**; India imports ~85% of crude

Mains Angles

- 1 **GS3 – Energy Security:** With ~85% crude import dependence, India’s economy is acutely exposed to West Asian supply shocks. Discuss strategies to insulate critical sectors like aviation.
- 2 **GS3 – Fiscal Policy:** Distinguish a recoverable stabilisation fund from an outright subsidy. Is sectoral price support fiscally prudent?
- 3 **GS3 – Tax Reform:** Examine the case for bringing ATF (and petroleum products generally) under GST, and the federal-finance obstacles.

FACTS CORNER

FACT	DETAIL
Fund	ATF Price Stabilisation Fund
Approved by	Union Cabinet, June 3, 2026
Size	Up to ₹10,000 crore (one-time)
Routed through	Oil Marketing Companies (OMCs)
Form	Interest-free advances
ATF March 2026	~₹60.50/litre
ATF May 2026	₹142/litre
Trigger	West Asia crisis
Duration	Up to 36 months (annual review)
Recovery	Into Consolidated Fund of India (Article 266)
ATF cost share	~40% of airline operating cost (up to 60%)
ATF & GST	Outside GST; attracts excise + state VAT
India crude import dependence	~85%

Sources: *Business Today, PIB, The Hindu*

Source: Cabinet Approves ₹10,000-Crore ATF Price Stabilisation Fund for Airlines — Ujyari.com | Free UPSC & State PCS Current Affairs

← **NEWER ARTICLE**

Cabinet Clears ₹9,585-Crore Vehicle Replacement Scheme for...

OLDER ARTICLE →

UNGA Elects Five New UN Security Council Members for 2027-28

RELATED EDITORIALS

BUSINESS STANDARD

[Fiscal Space, Not the 3Fs, Is the Real Priority.](#)

5 Jun

THE HINDU

[Defining Green — On Finalising India's Climate Finance Taxonomy.](#)

5 Jun

THE HINDU

[Unreasonable Burden — On the U.S. Forced-Labour Tariff Proposal](#)

5 Jun

BUSINESS STANDARD

[USTR Tariff Threats Deepen India-US Trade Uncertainty.](#)

4 Jun

RELATED KEY TERMS

KEY TERM

[ACNAS](#)

Advisory Committee on National Accounts Statistics — the expert body...

KEY TERM

[Act East Policy](#)

India's strategic foreign policy framework prioritising active...

KEY TERM

[Agri-Photovoltaic](#)

A dual land-use technology that integrates elevated solar panels with...

KEY TERM

[ALMM](#)

MNRE-notified list restricting government-supported solar PV projects...



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/daily/2026/06/05/atf-price-stabilisation-fund-10000-crore/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](http://bharatnotes.com)

📌 OPPORTUNITY

Advertise with Ujiyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujiyari.com · bharatnotes.com