

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 61
(To be answered on the 7th December 2023)**

RISING AIR FARES

***61. SHRIMATI SANGEETA AZAD
SHRI E.T. MOHAMMED BASHEER**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government is aware of domestic airfares surging up to thirty per cent and if so, the details thereof and the steps taken by the Government to address concerns about high air ticket prices and ensure affordability for passengers;**
- (b) the details of long-term strategies chalked out to prevent excessive pricing and maintain fair competition among airlines;**
- (c) whether the Government plans to strike a balance between the financial viability of airlines and preventing passengers from bearing the brunt of high airfares and if so, the details thereof;**
- (d) whether the Government plans to address the impact of grounded planes and supply-side challenges on airfares and stabilize airfares in the coming years; and**
- (e) if so, the corrective steps being taken in this regard?**

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Jyotiraditya M. Scindia)

(a) to (e) A STATEMENT IS LAID ON THE TABLE OF THE HOUSE.

Statement referred in reply to Part (a) to (e) of Lok Sabha Starred Ques. No. 61 regarding "Rising Air Fares" to be answered on 07.12.2023

(a) to (c) As per prevailing regulations, airfare is neither established nor regulated by the Government. Under the provision of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every Air Transport Undertaking engaged in scheduled air services is required to establish Tariff having regard to all relevant factors including cost of operation, characteristic of services and generally prevailing tariff.

The airline fare system runs in multiple levels (buckets or RBDs) which are in line with practice being followed globally. The fares are fixed by airlines keeping in mind the market, demand, seasonality and other market forces. The airfare increases with increase in demand of seats as the lower fare buckets get sold out faster and move to higher fare buckets.

The airfares across various countries are dynamic in nature and follow the market principle of demand & supply. The fares are also dependent on a number of other factors such as the number of seats already sold on a particular flight, prevailing fuel price, capacity of the aircraft operating on the route, competition on the sector, season, value of INR against US dollar, holidays, festivals, long weekends, events (sports, fairs, contests) etc.

Globally, most countries have deregulated their aviation sector, i.e., removing government-imposed entry and price restrictions on airlines. Deregulation has led to increased competition between airline carriers, leading to decrease in airfare. As a result of deregulation, entry into the airlines industry for a potential new airline has become easier, resulting in many new airlines entering the market, thus increasing competition. The direct impact of deregulation is that a passenger in a lower-income group can afford to travel by air.

Ministry had consultation with airlines and the representatives were advised to self-regulate and keep passengers interest in mind while fixing the airfares.

Airlines have also been sensitized to exercise moderation in pricing, and to keep passenger interest in mind. The airlines have committed to ensure that airfares do not surge during events such as natural disasters, calamities, etc.

Given the complex dynamics of the Indian aviation industry, Government is playing the role of a facilitator by way of creating enabling environment to support the growth of the sector.

(d) & (e) DGCA has taken up the matter with Pratt & Whitney for making overhauled engines available to the Indian operators and advised the manufacturer to enhance their maintenance capability. DGCA is continuously following up the matter with the Engine Manufacturer.

Even though as on date, planes are grounded but total operating fleet have increased from 622 in November, 2022 to 643 in November, 2023.

Government has been encouraging airlines to acquire aircraft including wide-body aircraft and operate more flights which shall ease out the demand-supply situation. As the sector will grow, more and more aircraft will come into the industry which will enhance the supply situation leading to positive impact on airfares.
