

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:487

ANSWERED ON:18.05.2006

COMPETITION BETWEEN PUBLIC AND PRIVATE AIRLINES

Reddy Shri Karunakara G.;Reddy Shri S.P.Y.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the occupancy rate in the public sector airlines has come down recently;
- (b) if so, the reasons therefor;
- (c) whether some of the private airlines are offering competitively low fare for the tickets booked in advance;
- (d) if so, whether the public sector airlines also extend such concessions to attract passengers;
- (e) if so, the details thereof; and
- (f) the manner in which the public airlines propose to meet the challenges posed by the private airlines?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a), (b), (c), (d), (e) and (f) : A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 487 FOR 18.05.2006 REGARDING COMPETITION BETWEEN PUBLIC AND PRIVATE AIRLINES.

(a) and (b):- INDIAN AIRLINES:

The seat factor of Indian Airlines has improved from 54.9% in 2003 to 64.8% at end of March, 2006.

AIR INDIA:

The seat factor of Air India has marginally declined from 70.5% in 2003-04 to 67.2%(provisional including Air India Express) in 2005-06. The decline is predominantly due to heavy capacity induction by Air India in recent past. It is estimated that capacity offered by Air India in 2005-06 increased by nearly 50% over 2003-04.

(c), (d) and (e): Private scheduled airlines viz. Air Deccan, Kingfisher Airlines, Spicejet, Go Air, etc. offer dynamic fare system based on demand for seat. Other scheduled airlines viz. Indian Airlines, Jet Airways and Sahara Airlines offer APEX fares and Check Fares which are discounted than the normal fares.

(f):- Both the airlines constantly endeavour to take measures to improve their product and remain competitive in the market. These airlines are in the process of acquiring modern aircraft in order to revamp their fleet. The Government has already accorded approval for acquisition of new aircraft by Air India and Indian Airlines. Further, both the airlines are proactively adjusting their pricing based on market demand and competition. Besides, Air India has launched low cost airline viz. Air India Express in April, 2005 to cater to price sensitive markets and to retain its market share on routes such as to Gulf. Indian Airlines offers competitive market fares through various promotional schemes to compete with low fares offered by Low Cost Carriers viz. 'Easy Fares' and 'Unchecked fares' Schemes.