

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:260

ANSWERED ON:14.03.2012

HIKE IN AIRFARE DUE TO HIKE IN OIL PRICES

Pakkirappa Shri S.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether in view of the hike in prices by the oil companies, private/public airlines have announced to increase the air fare;
- (b) if so, the details thereof;
- (c) whether the Government oil companies such as Indian Oil Corporation, Bharat Petroleum and Hindustan Petroleum have so far increased air fuel consecutively for the seventh time;
- (d) if so, the details thereof alongwith the reaction of the Government thereto; and
- (e) the steps taken/proposed to be taken by the Government in this regard and to make air travel more affordable for the passengers?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a)and(b): Air fares applicable for domestic passengers are determined by market forces and therefore are not fixed by Government. However, since fuel cost being a substantial proportion of total operating cost of airlines, frequent hikes in the fuel prices are bound to adversely impact the operating environment of Airlines industry.

(c)and(d): Aviation Turbine Fuel (ATF) prices have been revised by Oil marketing companies consecutively for the 5th time since 1st January, 2012.

(e): A Working Group has been constituted under the Chairmanship of Secretary, Civil Aviation with Finance Secretary, Secretary, Financial Services; Secretary, M/o Petroleum & Natural Gas; Director General of Foreign Trade (DGFT) and Joint Secretary (Civil Aviation) to identify the factors causing stress in civil aviation and to suggest solutions to the same.

Also, with a view to maintain transparency in tariff publication, Directorate General of Civil Aviation (DGCA) has taken following steps:

Scheduled domestic airlines have been directed to display established tariff route-wise and fare category-wise in their websites, on monthly basis and also to notify any significant and noticeable changes to DGCA within 24 hrs of effecting such a change.

A Tariff Analysis Unit has been set up in DGCA to monitor tariff on regular basis at periodic intervals.