

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:3829

ANSWERED ON:20.03.2013

AIR FARES

Mahtab Shri Bhartruhari;Meghe Shri Datta Raghobaji;Reddy Shri Magunta Srinivasulu;Singh Shri Dushyant;Singh Shri Pradeep Kumar;Sivasami Shri C.

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether the Directorate General of Civil Aviation (DGCA) has received complaints from various quarters including the Members of Parliament against domestic airlines for charging very high fares for their domestic air sectors;
- (b) if so, the details thereof during the last one year and the current year and the reasons therefor and the action taken on such complaints;
- (c) whether the Government has conducted any inquiry in this regard;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the other corrective steps taken/being taken by the Government for reasonable and transparent airfares?

**Answer**

Minister of State in the Ministry of CIVIL AVIATION ( SHRI K. C. VENUGOPAL )

(a): Yes, Madam.

(b) to (d): Air fares are not being fixed by Government as they are determined by the market forces. Airline tariffs take into account all relevant factors, including cost of operation, characteristics of services etc. Over the years, the operational costs for the airlines have gone up due to increase in fuel prices and depreciation of value of Indian Rupee. Further, the airport/user development fees have gone up for major airports. The service tax from the FY 2012 has also increased. Scheduled airlines offer different fare buckets for each flight and airfares offered by airlines in lower buckets are generally affordable. The airfare increases with increase in demand for seat, as the lower fare buckets get sold out fast. During long weekends, vacations, festive seasons like Diwali, Christmas, New Year eve, etc., when the demand increases and inventory of lower buckets get exhausted early, fare of only higher buckets are available closer to departure of flight. This phenomenon becomes more noticeable on the sectors of tourist attraction.

(e): The following steps have been taken by the Government to promote transparency in airfares:

(i) Directorate General of Civil Aviation (DGCA) has issued an Air Transport Circular 2 of 2010 wherein all domestic airlines are required to display on their respective websites the tariff sheet route-wise across their networks in various fare categories. The intention behind the above direction is to keep the passengers informed of pricing pattern of airlines.

(ii) With a view to maintain transparency in tariff publication, Directorate General of Civil Aviation (DGCA) has set up a Tariff Analysis Unit to monitor air fares of Domestic airlines on a regular basis. The monitoring of air fares has revealed that the airfares remain within the fare bands declared by the scheduled airlines on their respective websites.

(iii) All scheduled domestic airlines are reported to be displaying route-wise and category-wise fares on their respective websites to keep the passengers informed of pricing pattern of airlines and providing them an opportunity to choose the airlines as per their convenience.

Government has taken following steps to lower the operational cost of the airlines:

(i) Issues relating to ATF prices have been taken up with Ministry of Petroleum and Natural Gas and Petroleum and Natural Gas regulatory Board.

(ii) Matters relating to taxes affecting the cost of air journey are taken up with Ministry of Finance.

(iii) Government has also taken up the issue of reduction of VAT on ATF with State Governments.

(iv) To reduce the burden of maintenance cost of Airline industries and to give a boost to Maintenance, Repair, & Over haul (MRO) industries tax concessions have been extended.