

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3835
ANSWERED ON:20.03.2013
COST OF AIR JOURNEY
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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the cost of air journey in the country has increased during the last one year; and
- (b) if so, the reasons therefor and the steps taken by the Government in this regard?

Answer

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

(a) and (b): Over the years, the operational costs for the airlines have gone up mainly due to increase in fuel prices and depreciation of Rupee value. Further, the airport/user development fees have gone up for some major airports. The service tax from the FY 2012 has also increased.

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. 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.

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

- (i) Matters relating to taxes affecting the cost of air journey are taken up with Ministry of Finance and issues relating to ATF prices have been taken up with Ministry of Petroleum and Natural Gas and Petroleum and Natural Gas regulatory Board.
- (ii) Government has also taken up the issue of reduction of VAT on ATF with State Government.
- (iii) To recede the burden of maintenance cost of Airline industries and to give a boost to MRO industries tax concessions have been extended to MRO industries, recently