

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:85

ANSWERED ON:05.12.2013

INCREASE IN AIR FARES

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government is aware that domestic carriers have indiscriminately hiked air fares in the last few years particularly during the last few months;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the aviation companies had taken prior approval of the Government before raising the air fares and if so, the details thereof and if not, the reasons therefor;
- (d) the action taken/being taken by the Government to prevent the airlines from taking such arbitrary measures;
- (e) whether the Government has any proposal to set up a Fare Monitoring Cell to protect the interests of air passengers; and
- (f) if so, the details thereof and the time by which the above cell is likely to be set up?

Answer

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

(a) to (d): Air fares are not fixed by the Government as these are determined by market forces of demand and supply. Airfares depend on Aviation Turbine Fuel (ATF) prices, Airport Charges, Passenger Services Fee, prevalent Foreign Exchange Rate, Service Tax, etc. Fluctuations in any of these components affect the airfares. Scheduled airlines offer different fare buckets for each flight and the airfares offered by the airlines in lower buckets are generally affordable. The airfare increases with the increase in demand for seat, as the lower fare buckets get sold out fast. Random monitoring of airfare revealed that the airfares remain within the fare band made available by the scheduled airline on their respective websites.

(e) and (f): A Tariff Monitoring Unit has been set up in Directorate General of Civil Aviation which monitors the airfares on domestic routes selected randomly. The analysis of the tariff pattern shows that the fares remain well within the fare band as displayed by the airlines on their respective websites.