

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:4357
ANSWERED ON:20.02.2014
RESPONSE TO LOW AIRFARE
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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Air India and private airlines have received overwhelming response to their low airfare offer recently and if so, the details thereof;
- (b) whether Air India and private airlines have decided to extend the offer and if so, the details thereof, airline-wise;
- (c) whether it is also a fact that the airfare of Air India is quite high compared to private airlines' discounted airfares and if so, the details thereof;
- (d) whether it is a fact that such low airfare offers got only mixed response in the past and if so, the details thereof for the last three years, airline-wise; and
- (e) the steps being taken/proposed to be taken by the Government to regularise airfares so as to keep it uniform and affordable to the people?

Answer

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

(a) to (d): Various Airlines launched promotional fares on 21st January, 14 on the domestic network offering 50% discount on Basic Fare and Airline Fuel Charge for a short period and travel. Air India also reacted to mop up a sizeable share of advance purchase market to retain its competitive position and launched Sale scheme with 50% discount on Basic Fare and Airline Fuel charge from 22nd January 14 till 24th Jan. 14. The promotion was launched to build advance loads during the lean period of January to mid-April, 2014. Air India was able to fill up 60-70% of capacity on offer which was also in line with its expectations. In view of overwhelming response, Air India decided to extend the scheme till 27th January, 14. On 31st January, 14 the Airlines came out with an offer of 30% discount on Basic Fare and Airline Fuel Charge on domestic sectors for travel upto 15th April, 14. In order to protect market share, AI matched the offer for sale from 01st Feb. 14 but with extended travel date till 20th April, 14. In view of good response, the scheme was extended till 06th February, 14.

Airfare is not regulated by the Government. Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937 states that every air transport undertaking engaged in scheduled air services shall establish tariff having regard to all relevant factors, including cost of operation, characteristic of services, reasonable profit and the generally prevailing tariff. Therefore, airlines are free to fix reasonable charges/fee. The airlines pricing runs in multiple levels (buckets or RBDs) which is in line with the practice followed globally. The prices are fixed by airlines keeping in mind the market demand, seasonality and other market forces.

(e): A Tariff Monitoring Unit has been set up in DGCA which monitors the airfares on domestic route selected randomly. The analysis of the tariff pattern shows that the fare remains well within the fare band as displayed by the airlines on their respective websites.