

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2062

ANSWERED ON:10.12.2015

Regulation of Air Fare

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the extant mechanism to regulate air fare in the country;
- (b) if so, the details of complaints over charging of cargo/passenger air fare pertaining to received during the last three years and the current year, year-wise and action taken in each such case;
- (c) whether the idea of providing a competition between airlines has not worked and Government is facing the problem of predatory air fare due to carelization among the airlines, if so, the details thereof;
- (d) whether the benefit of reduction in the price of ATF is not passed on to the passengers as reduction in air fares, if so, the details thereof;
- (e) the stringent measures the Government proposes to take to ensure that air fares remain within a reasonable range of passengers; and
- (f) whether any meeting has been conducted by the Government in this regard and if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION
(Dr Mahesh Sharma)

(a): At present, airfares are not controlled by the Government. Airlines offer fares on various levels which are driven by demand and market forces and as the demand goes up, the seats on lower fare levels get filled. This is a global practice in the aviation industry. Pricing forms the strategic framework, day-to-day tactical changes in pricing to respond to demand/supply and market dynamics in through the Inventory Management process.

Airlines are free to fix the reasonable tariff under the provision of Subrule (1) of Rule 135, Aircraft Rules 1937 having regard to all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff.

Airfare are not fixed by the Government as they are determined by the interplay of market forces. Airlines remain complaint to the regulatory provisions of Sub-Rule 2 of Rule 135 as long as the fare charged by them does not exceed the fare established and displayed on their website.

(b): No complaint substantiating the airfare overcharging have been received in Directorate General of Civil Aviation (DGCA).

(c) and (d): No such analysis have been carried out by DGCA.

(e) and (f):- In order to prevent excessive charging and sudden surges in airfares and to promote transparency by scheduled domestic airlines, DGCA has issued Air Transport Circular 2 of 2010 wherein airlines are required to display on their respective websites the tariff sheet route-wise across their network in various fare categories and the manner it is offered in the market. The intention behind the above directions is to keep the passengers informed of pricing pattern of airlines. DGCA has also set up a Tariff Monitoring Unit in 2010 that monitors airfares on certain routes selected on random basis to ensure that the airlines do not charge airfares outside the range declared by them. The random analysis has shown that the airfares remained well within the fare bucket uploaded by the airlines on the respective websites.