

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2681

ANSWERED ON:28.07.2014

LOW COST AIRLINES

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the details of low cost airlines operating in the country at present along with the minimum requirements prescribed for grant of permit to these airlines;
- (b) whether the Government has conducted any study on the pricing pattern of low cost airlines in comparison to other airlines and if so, the details and the outcome thereof;
- (c) whether there is not much difference between the prices being charged by low cost airlines and other airlines;
- (d) if so, the action taken or proposed to be taken by the Government to remove low cost tag from these airlines and ensure that all facilities/ services including meal service are provided by them; and
- (e) whether any private airline has sought the nod from his Ministry for non- refundable fares and if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION (Shri G. M. Siddeshwara)

(a) to (d): The term Low Cost Carrier (LCC) is basically a business model practice adopted by certain airlines and the Government has not categorized any airline as LCC. However, Scheduled Airlines are operating on low cost and on no frill basis.

Air fares are fixed by the airlines based on interplay of market forces and are not determined by the Government. Airlines are free to fix reasonable tariff under the provision of sub-rule (1) of rule 135, Aircraft Rules 1937 having regard to all relevant factors, including the cost of operation, characteristic of service, reasonable profit and the generally prevailing tariff. Airline remains compliant to the regulatory provisions of Rule 135 as long as the fare charged by them does not exceed the fare established and displayed on their website.

Fare structure followed by airlines is as follows:

The airline pricing runs in multiple levels which are in line with practice being followed globally. The prices are fixed by airlines keeping in mind the market, demand, seasonality and other market forces. Some of the airlines have introduced Apex- 90, in addition to existing advance purchase schemes of 60 days, 30 days, 14 days etc., in which discounted fares are offered facilitating travel even during peak seasons on low fares. The fare structures are displayed by airlines on their websites.

(e): Yes, Madam. Spice Jet Ltd has requested for allowing the airlines to sell deeply discounted fares that are non changeable, non-refundable restrictions. The airlines are free to fix the reasonable tariff subject to compliance of provisions under Rule 135 of the Aircraft Rules 1937. All the Scheduled Airlines have been directed by the Directorate General of Civil Aviation (DGCA) to maintain transparency in tariff publication.