

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:537  
ANSWERED ON:14.07.2014  
LOW AIRFARES BY PRIVATE AIRLINES  
Dubey Shri Nishikant

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether certain private airlines in the country have reduced their domestic airfares;
- (b) if so, the details thereof along with the reaction of the Government thereto and its impact on the revenue earnings of Air India;
- (c) whether Air India is also considering to bring down its domestic airfares; and
- (d) if so, the details thereof and the extent to which domestic airfares are likely to be brought down by Air India?

**Answer**

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

(a) & (b) : Airlines are free to fix 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, 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.

In order to protect its market share and revenue, Air India responds to any fare initiative by other airlines thus maintaining its competitive positions.

(c) & (d): Air India follows all rules and regulations established by DGCA which are amended from time to time. Fares offered by Air India are competitive and market driven and are based on market considerations. Air India responds to any fare initiatives by the Competitors. Air India offers multiple levels of fares on the domestic network starting with a low, 90 days Advance Purchase fare which progressively increases closer to departure. The advance purchase fares are in the day range of 90, 60, 30, 14 & 7 days.