

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 4324
(To be answered on the 18th July 2019)**

FIXING OF AIR FARE

4324. **DR. RAMAPATI RAM TRIPATHI**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has paid attention towards various irregularities being committed by the private airline operators including arbitrary fixing of air fare by them;
- (b) if so, the details thereof;
- (c) whether the Directorate General of Civil Aviation (DGCA) has taken action against such erring private airlines;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken or being taken by DGCA to bring transparency in regulating air fare by companies including private airlines?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र पक्ष)

(Shri Hardeep Singh Puri)

(a) to (e): The incident rate of scheduled airlines has reduced since 2013 while the accident rate has seen a decline since 2015. Based on guidelines issued by the International Civil Aviation Organization (ICAO), the accident rate is calculated for scheduled airline accident per 10000 departures. The year wise accident and incident rate are as follows:

Year	Number of accident per 10000 departures	Number of incident per 10000 departures
2013	0	13.9
2014	2.8	11.63
2015	5.1	7.46
2016	3.3	7.27
2017	1.0	6.56
2018 (Till Nov)	0.9	4.71

The Directorate General of Civil Aviation (DGCA) has carried out the safety analysis of the accidents/incidents. The analysis is published in the form of

"Annual Safety Review" for the year 2016 and 2017 by DGCA. Following steps have been taken by DGCA to ensure safety of aircraft operations:

- Safety recommendations emanating from the investigation reports are followed up for implementation with the concerned agencies so as to prevent recurrence of similar incident in future.

- Accident/incident data is analyzed on yearly basis and based on the analysis, important observations/findings are shared with operators to avoid the recurrence of the accidents /incidents.

- As per the annual surveillance program, audit of the operators is carried out. Findings of audit report are followed up with the operator for compliance. The compliance of the action taken by the operator is further verified during the next audit.

Further, as per prevailing regulation, air fare is neither regulated nor established by the Government. Airlines are free to fix the reasonable tariff under the provision of Sub-rule (1) of Rule 135, Aircraft Rules 1937 taking into consideration the various factors which include the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. The airline pricing system runs in multiple levels (buckets or Reservation Booking Designator (RBDs)) 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. The airfare increases with increase in demand of seat as the lower fare buckets get sold out fast when bookings are offered by airlines. 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 highly discounted fares being offered which would entail travelling even during peak seasons on low fares. The fare structures stated above have been displayed by airlines on their websites. The airlines are compliant to the Sub Rule (2) of Rule 135 of the Aircraft Rules, 1937 as long as the fare charged by them is in line with fare displayed on their website. As per prevailing regulation, all scheduled domestic airlines are required to display route-wise and category-wise fares on their respective websites. With a view to maintain transparency, DGCA 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 fare monitoring analysis carried out in the recent past has shown that the airfares remained well within the fare bucket uploaded by the airlines on the respective websites. In case, any steep fare hike is observed, Ministry of Civil Aviation/Directorate General of Civil Aviation sensitize the airlines for necessary intervention.
