

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 85
(To be answered on the 27th June 2019)**

CHARGING OF ARBITRARY FARES BY AIRLINES

***85. SHRI ANIL FIROJIYA
SHRI DILIP SAIKIA**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has received any complaints regarding charging of arbitrary fares by the airlines from the passengers and if so, the details thereof and the action taken thereon;**
- (b) whether the Government proposes to fix the prices of air tickets or limit the maximum percentage of hike on these tickets;**
- (c) if so, the details thereof; and**
- (d) whether flexi fare scheme on the lines of Railways can be applied in air travels and if so, the details thereof?**

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a) to (d): A statement is laid on the table of the House.

STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO. 85 FOR REPLY ON 27.06.2019 REGARDING CHARGING OF ARBITRARY FARES BY AIRLINES:

(a) to (d): With the repeal of Air Corporation Act in March, 1994, the provision of air fare approval was dispensed with by the Government. Airlines are free to fix the 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, 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. However, the issue of hike in airfare are brought to the notice of this Ministry from time to time. With a view to maintain transparency, Directorate General of Civil Aviation (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. Further, due to suspension of operation of Jet Airways and grounding of Boeing B737 Max, as advised by Ministry, Directorate General of Civil Aviation (DGCA) started monitoring of airfares on certain routes selected on random basis to ensure that the airlines do not charge airfares outside the range declared by them. During monitoring, it was observed that though there was a marginal hike in airfares, it remained within the fare brackets established. Subsequently, some of the domestic airlines started inducting more aircrafts in their fleets which resulted in an increase in the capacity on the domestic sectors as a result of which fares are observed to be fairly normal at present.
