

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3871
(To be answered on the 18th March 2021)**

FARE WARS IN AVIATION SECTOR

3871. DR. AMAR SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether Aviation industry has been hit by high aviation fuel prices, excessive parking and landing charges, fare wars etc.;
- (b) if so, the details thereof along with measures to check it; and
- (c) the corrective steps taken by the Government to check fare wars?

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 (c): Brent Crude Oil prices and Aviation Turbine (Jet) Fuel (ATF) prices have risen by the first half of March 2021 to near pre-Covid-19 period levels, being around US\$ 66 per barrel/INR 59,977 per KL (at Delhi airport terminal-1). Central Excise Duty on ATF was reduced from 14% to 11% in October 2018, while Fuel Throughput (Airport Operator) Charge levied by Airport Operators on ATF was eliminated w.e.f. 15 January 2020 at all airports, airstrips and heliports across India. Besides reducing Sales Tax/VAT on ATF drawn by airlines at RCS airports to 1% or less for a period of 10 years, various State Governments have reduced the applicable tax on ATF on non-RCS-UDAN operations also to within 5%.

The Government has also substantially rationalised the tax regime for aviation sub-sectors for enhanced cost competitiveness. Coupled with other policy reforms, these measures have enabled Indian aviation to remain resilient in the face of pandemic-related adversities.

The tariffs applicable at major airports are determined by Airports Economic Regulatory Authority (AERA) Act 2008 for a cycle of five years. Tariffs at non-major airports of Airports Authority of India, which were unchanged since long, have been revised w.e.f. 01.10.2020 keeping all aspects of the matter in view.

Airfares of airlines are market determined, and are monitored by Directorate General of Civil Aviation on select routes for transparency and

ensuring that airlines do not charge airfares outside the range declared by them. To address the Covid-19 pandemic situation, protect passenger interests, and safeguard the financial health of aviation sector, the Ministry of Civil Aviation vide its order dated 21 May 2020 has classified sectors on the basis of approximate duration of flight and prescribed fare bands thereof indicating the maximum and minimum economy class fares chargeable from passengers on that sector by scheduled domestic airline operators. The Order has been extended from time to time spelling out revised fare bands and stands extended up to 31 March 2021 or until further orders. The guidelines on airfares are issued to ensure that airlines do not charge excessive airfare from passengers.
