

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 2091
(TO BE ANSWERED ON THE 20th March 2023)

BARRIERS TO INDIAN AVIATION SECTOR

2091. DR. SONAL MANSINGH

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

- (a) whether Government has ascertained the barriers to Indian Aviation Sector;
- (b) if so, the details thereof, sector wise;
- (c) the remedial measures taken by Government to rectify existing deficiencies;
- (d) whether Government has any criteria to fix the air-fares in domestic and international sectors; and
- (e) if so, the details thereof and details of action taken so far to control the huge rise in air fares?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(GEN. (DR) V. K. SINGH (RETD))

(a) to (c): India is one of the fastest growing aviation markets in the world. India is already the 3rd largest domestic aviation market.

In 2016, the Government released the National Civil Aviation Policy (NCAP 2016), which laid out the vision, mission and key objectives for the sector. NCAP also envisages key action steps covering over 20 aspects of the aviation value chain including: regional connectivity, safety, security, airlines, airports, bilateral traffic rights, code-share agreements, air navigation, helicopters, cargo, manufacturing, maintenance and skill development etc.

In order to boost the growth in the aviation sector, the Airports Authority of India (AAI) and private airport companies have taken up the development of new and existing airports with a projected capital expenditure of over Rs 90,000 over the next five years.

The Government has accorded 'in-principle' approval for setting up of 21 Greenfield Airports across the country wherein eleven Greenfield airports have been operationalised so far.

The Government has approved the 'Revival of unserved and under-served airports'

scheme at the total cost of Rs. 4500 crore for the revival and development of 100 unserved and under-served airports of State Governments, Airports Authority of India, Civil Enclaves, Central Public Sector Enterprises (CPSEs), Helipads and Water Aerodromes by 2024.

The Government launched the Regional Connectivity Scheme (RCS)- UDAN (Ude Desh ka Aam Nagrik) in October 2016 to enhance regional air connectivity from unserved and underserved airports in the country by making air travel affordable to the masses. As on 28.02.2023, 469 UDAN routes have been operationalised across the country, connecting 74 UDAN airports including 2 water aerodromes and 9 heliports.

(d) & (e): : Airfares are neither established nor regulated by the Government. Under the provisions of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking engaged in scheduled air services is required to establish tariff having regard to all relevant factors including cost of operation, characteristic of services, reasonable profit and the generally prevailing tariff.

The airline pricing system runs in multiple levels (buckets) which are in line with practices 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 seats 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 discounted fares are 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(1) of Rule 135 of the Aircraft Rules, 1937 as long as fares charged by them is in line with tariff displayed on their website.
