

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 3521
(TO BE ANSWERED ON THE 3rd April 2023)**

LOW COST AIRLINES

3521. SHRI SANDOSH KUMAR P

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

- (a) whether Government is aware of the abnormal increase in domestic airfares for the last two years
- (b) whether Government has any plan to fix upper limit of domestic airfare instead of leaving it to market forces
- (c) whether Government has any plan to promote low cost airlines in the country to attract more passengers and
- (d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

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

(a) to (d): With the repeal of the Air Corporations Act in March 1994, tariff fixation has been deregulated and airlines are free to fix reasonable tariffs under the provisions of sub-rule (1) of rule 135 of the Aircraft Rules, 1937. The prices are accordingly fixed by the airlines keeping in view the market forces including, inter-alia, the operating cost, demand, seasonality, sustainability etc. Ministry of Civil Aviation / Directorate General of Civil Aviation, from time to time, has been receiving grievances related to services provided by airlines.

Under the provision of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking engaged in scheduled air services requires to establish tariff having regard to all relevant factors, including cost of operation, characteristic of services, reasonable profit and the generally prevailing tariff. Airlines are free to charge reasonable air fares as per their operation viabilities subject to compliance to the above said rule.

The airline pricing system runs in multiple levels [buckets or RBDs (Reservation Booking Designators)] 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 as the lower fare buckets get sold by the

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 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.

Ministry of Civil Aviation has launched Regional Connectivity Scheme (RCS)-UDAN (Ude Desh ka Aam Nagrik) on 21.10.2016 to enhance regional air connectivity from unserved and underserved airports in the country and making air travel affordable to the masses. More than 116 Lakh people have availed the UDAN scheme since its inception.
