

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Rajya Sabha
UNSTARRED QUESTION NO. : 351
TO BE ANSWERED ON THE 24th July 2023
RISING DOMESTIC AIRFARES

351. SHRI AYODHYA RAMI REDDY ALLA

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

(a) the steps taken by Government to promote competition among airlines and reduce monopolistic practices that contribute to rising domestic airfares;

(b) whether Government is strengthening regulatory oversight to ensure fair pricing and prevent anti-competitive behaviour in the aviation industry; and

(c) whether Government has considered reviewing and rationalizing the taxes, fees, and charges imposed on air travel to alleviate the burden on consumers and help keep airfares reasonable?

ANSWER

**Minister of State in the Ministry of CIVIL AVIATION
(GEN. (DR) V. K. SINGH (RETD))**

(a) & (b) As on 20.07.2023, a total of 08 Indian scheduled operators with 649 aircraft are operating commercial passenger services in the country. Airfares are neither established nor regulated by the Government. Air Transport Undertakings engaged in scheduled air services are required 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 operational viabilities subject to compliance of Rule 135 of the Aircraft Rules, 1937. The prices are fixed by the airlines keeping in mind the market, demand, seasonality and other market forces. Airline ticket prices are determined by the demand and supply theory and are governed under the competition laws (Competition Act, 2002). Anti-

competitive practices are kept in check by the Competition Commission of India (CCI).

(c) Government has facilitated the consultations between the airlines and Oil Marketing Companies (OMCs) on rationalisation of Aviation Turbine Fuel (ATF) pricing. Mean of Platts Arab Gulf (MOPAG) pricing was adopted, bringing more transparency and parity between global jet fuel price and jet fuel price in India. This protects airlines from abnormal ATF prices fluctuations. Issue of high value added tax (VAT) on ATF levied by States/Union Territories (UTs) has been taken up with the States/ UTs resulting in reduction of VAT by 19 States/ UTs. Ministry of Civil Aviation has also taken up the issue of inclusion of ATF under the ambit of GST with Ministry of Finance.
