

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1604
(TO BE ANSWERED ON THE 18th December 2023)

EXORBITANT AIRFARES

1604. SHRI VIVEK K. TANKHA

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

- (a) whether Government is aware that domestic airfare has increased drastically in the last one year, if so, the details of the action Government has taken to regulate the prices, if not, the reasons therefor;
- (b) whether Government is aware that on many routes, for instance Delhi to Kullu, because of monopolistic operators, the fares remain exorbitantly high, if so, the steps being taken to make fares reasonable for the common man; and
- (c) the measures being taken by Government to regulate high dynamic pricing of domestic airfares?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

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

(a) to (c): As per the prevailing regulation, airfares are neither established nor regulated by the Government.

The airfare established by the airline are dynamic in nature and follow the principle of demand & supply. The fares are also dependent on a number of other factors such as the number of seats already sold on a particular flight, prevailing fuel price, the capacity of the aircraft operating on the route, competition on the sector, season, holidays, festivals, long weekends, events (sports, fairs, contests) etc.

Under the provision of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking engaged in scheduled air services require 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 above said rule.

Globally, most countries have deregulated their aviation sector, i.e. removing

government-imposed entry and price restrictions on airlines. Deregulation has led to increased competition between airline carriers, leading to decrease in airfare. As a result of deregulation, entry into the airlines industry for a potential new airline has become easier, resulting in many new airlines entering the market, thus increasing competition. The direct impact of de-regulation is that a passenger in a lower-income group can afford to travel by air.

Reduction in saleable seat capacity on the Delhi-Kullu-Delhi route has led to the offering of fares at different fare buckets, aimed at offsetting the costs of flight operations.

Consultations are held with airlines and airlines are advised to self-regulate and keep passengers interest in mind while fixing the airfares. Airlines have also been sensitized to exercise moderation in pricing, and to keep passenger interest in mind. The airlines have committed to ensure that airfares do not surge during events such as natural disasters, calamities, etc.
