

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1441
(TO BE ANSWERED ON THE 5th August 2024)

FREQUENT FLUCTUATIONS IN AIRLINE FARES

1441. SHRI SADANAND MHALU SHET TANAVADE

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

- (a) the factors contributing to the frequent variations/fluctuations in airline ticket prices in the country;
- (b) the steps Government is taking to enhance transparency in airfare pricing for passengers;
- (c) whether Government has implemented any regulatory measures to prevent unfair pricing strategies by airlines;
- (d) the manner in which Government is monitoring and enforcing compliance with existing pricing regulations in the aviation sector; and
- (e) the measures in place to ensure that passengers have access to fair and competitive pricing across different routes and airlines?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Murlidhar Mohol)

(a): The pricing of airfares is subject to dynamic fluctuations influenced by the fundamental economic forces of supply and demand. Various determinants such as current seat occupancy, fuel costs, aircraft capacity, and competitive factors have a significant impact on the pricing of airline tickets.

(b) to (e): Airlines are required to establish the reasonable tariff under the provision of Rule 135, Aircraft Rules 1937 having regard to all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. Sub-Rule 2 of Rule 135 mandated every airline shall cause to be published the tariff established him under Rule 135(1) in its website.

Following the repeal of the Air Corporation Act in March 1994, the government's

role in approving airfares has been dispensed with. According to Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking involved in scheduled air services must establish tariffs taking into account various factors such as operational costs, service characteristics, reasonable profit, and prevailing tariffs. Airlines have the freedom to set reasonable airfares based on their operational viability, as long as they adhere to the aforementioned rule.

However, in order to enhance the transparency in airfare pricing, Directorate General of Civil Aviation (DGCA) has set-up Tariff Monitoring Unit (TMU) that monitors airfares on selected routes on a random basis by using airlines websites on monthly basis to ensure that the airlines do not charge airfares outside the range declared by them, under the provision of Sub Rule (2) of Rule 135 of The Aircraft Rules, 1937.

It is also informed that under Rule 135(4), Director-General, DGCA is mandated to issue orders, directions if he is satisfied that the airline has established excessive or predatory tariff under Rule 135(1) or has indulged in oligopolistic practice.

Ministry holds consultation with airlines and airlines have also been sensitized to exercise moderation/ self- regulation while fixing the airfares and to keep passengers' interest in mind. The airlines have committed to ensure that airfares do not surge during events such as natural disasters, calamities, etc.

Given the complex dynamics of the Indian aviation industry, Government is playing the role of a facilitator by way of creating enabling environment to support the growth of the sector.
