

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 4314  
(To be answered on the 18<sup>th</sup> July 2019)**

**AIR FARE HIKE**

**4314. SHRI H. VASANTHAKUMAR**

**Will the Minister of CIVIL AVIATION**

**नागर विमानन मंत्री**

**be pleased to state:-**

- (a) whether a high air fare as well as high cancellation charges are being charged by airlines for all the routes across the country;
- (b) if so, the details thereof and the reasons therefor along with the action taken by the Government in this regard;
- (c) whether the Government has received any complaints from the travellers in this regard;
- (d) if so, the details thereof and the action taken by the Government thereon; and
- (e) the steps proposed to be taken to have a reasonable air fare/cancellation/reschedule charges in all airlines across the country including foreign trips?

**ANSWER**

**Minister of State (IC) in the Ministry of CIVIL AVIATION**

**नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)**

**(Shri Hardeep Singh Puri)**

(a) to (d): Complaints regarding high air fare as well as high cancellation charges by airlines have been received from various quarters from time to time. However, as per prevailing regulation, air fare is neither regulated nor established by the Government. Airlines are free to fix the reasonable tariff under the provision of Sub-rule (1) of Rule 135, Aircraft Rules 1937 taking into consideration the various factors which include the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. The airline pricing system runs in multiple levels (buckets or Reservation Booking Designator (RBDs)) 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 with increase in demand of seat 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 highly discounted fares are offered which would entail traveling even during peak seasons on low fares. The fare structures stated above have been displayed by airlines on their websites. The airlines remain compliant to the Sub Rule (2) of Rule 135 of the Aircraft Rules, 1937 as long as the fare charged by them is in line with fare displayed on their website. As per prevailing regulation, all scheduled domestic airlines are required to display route-wise and category-wise



fares on their respective websites. With a view to maintain transparency, DGCA monitors airfares on certain routes selected on random basis to ensure that the airlines do not charge airfares outside the range declared by them. The fare monitoring analysis carried out in the recent past has shown that the airfares remained well within the fare bucket uploaded by the airlines on the respective websites. In case, any steep fare hike is observed, Ministry of Civil Aviation/Directorate General of Civil Aviation(DGCA) sensitizes the airlines for necessary intervention. Though, Government no longer regulates the fares that are charged, yet it is ensured that considerable information is provided to the public in a transparent manner with respect to airline fares by inter-alia issue of following guidelines:

--Air Transport Circular 05 of 2009 was issued for scheduled domestic airlines to display the airfare as per the template given in the circular, compliant to Rule 135 ibid. For both domestic and international markets, carriers must provide disclosure of the full price to be paid, including government taxes/fees carrier charges, as well as fees payable to airport operators in their advertising, on their websites and on the passenger's e-ticket confirmation.

--To ensure transparency and aid the traveler make an informed choice, Directorate General of Civil Aviation (DGCA) vide Air Transport Circular 02 of 2010 has directed the airlines to upload fare sheet displaying fare offered across their network. The fare sheet contains information on various levels of fares starting from the lowest (discounted fares) to full fare offered on all sectors. This is done on a monthly basis and updated whenever there is any revision of fares. DGCA also ensures the fare sheet is updated and tracks any deviation between fares offered and uploaded on the website on a regular basis.

-- Air Transport Circular 02 of 2016 requires carriers to disclose all fees for optional services on 'opt-in' basis through a prominent link on their homepage.

With regard to cancellation fees, it is stated that DGCA has issued the CAR, Section -II, Series M, Part -II titled "Refund of Airline Tickets to Passengers of Public Transport Undertakings" wherein the following provisions are included:

-- Cancellation charges must be indicated prominently at the time of booking.

--Under no circumstances, the airline or its agent shall levy cancellation charge more than the basic fare plus fuel surcharge.

--The airlines shall not levy any additional charge to process the refund.

(e): The DGCA monitors the fare regularly. In addition, the Government provides a congenial atmosphere so that the airlines can expand and grow, thus increasing the available seats which helps in keeping the fares at reasonable levels. The Government also sensitizes the airlines on the need for keeping the fares at reasonable levels.

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