

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1417
(To be answered on the 15th December 2022)**

AIR FARE

**1417. SHRI NARANBHAI KACHHADIYA
SHRI PARBATBHAI SAVABHAI PATEL
SHRI THOMAS CHAZHIKADAN
SHRIMATI SARMISTHA SETHI
SHRI SUDARSHAN BHAGAT**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government is aware that the airlines are charging exorbitant rates for the air tickets especially during the festive season and if so, the details thereof and the reasons therefor;
- (b) whether the Government has received any complaint in this regard and if so, the details thereof;
- (c) whether the Government has taken any step in this regard and if so, the details thereof;
- (d) whether the Government proposes to constitute a regulatory authority in line with the Telecom Regulatory Authority of India (TRAI) and if so, the details thereof;
- (e) whether airlines are charged heavy taxes multiple times and if so, the details thereof; and
- (f) whether the Government proposes to take any action to rationalise airfares and if so, the details thereof?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

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

(a) to (c): 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.

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.

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. As submitted by the Airlines to the Directorate General of Civil Aviation (DGCA), as a part of their monthly submission of traffic data, 22 complaints have been received related to airfare for the period from August to October, 2022.

Grievances/Complaints are redressed as per the established mechanism / extant guidelines in the matter. Further, Ministry of Civil Aviation has launched Air-Sewa Application - a digital platform, for enabling travellers to submit grievances and seek information on air travel in India. Passengers may report their grievances on Air-Sewa Application for expeditious disposal.

(d): No, Sir.

(e): Airlines are paying Goods & Services Tax (GST) on revenue and other cost items like Aviation Turbine Fuel (ATF) which is the single largest cost and also attracts VAT/Sales tax. The VAT/Sales tax on ATF varies from State/UT to State/UT in India. In addition, the airlines pay Income Tax as per the provisions of Income Tax Act, 1961.

(f): Directorate General of Civil Aviation (DGCA) has a Tariff Monitoring Unit that monitors airfares on certain routes on monthly basis to ensure that the airlines do not charge airfares outside a range declared by them. The airlines are compliant to the Sub Rule (2) of Rule 135 of the Aircraft Rules, 1937 as long as fare charged by them is in line with fare displayed on their website.
