

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 191
(To be answered on the 20th July 2023)**

FLUCTUATIONS IN AIRFARE

191. SHRI ANUMULA REVANTH REDDY

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government is keeping track of the unusual fluctuations in airfare and if so, the data on the average airfare increase across different domestic and international routes over the last five years;**
- (b) whether the Government has considered introducing regulations to limit the extent of fare fluctuations, to prevent excessive pricing and ensure affordability for all passengers and if so, the details thereof;**
- (c) whether the Government has taken any steps to address the issue of dynamic pricing, where airfares fluctuate based on demand and if so, the details thereof; and**
- (d) whether the Government has taken any measures to address the capacity gap created by the suspension of Go First flights and to mitigate the impact of such incidents in the future and if so, the details thereof?**

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में शाय मंत्री

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

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- (a) Directorate General of Civil Aviation (DGCA) has established Tariff Monitoring Unit which monitors fares on select domestic sectors on random basis. This ensures that the airfares charged by the airlines are within the established tariff of the airlines, which is displayed on their website. As the monitoring is done on variable routes selected on random basis, the data on average airfare over the last five years is not compiled by DGCA.**
- (b) & (c) Airfares are neither established nor regulated by the Government. Under the provisions of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking engaged in scheduled air services is required to establish tariff having regard to all relevant factors including cost of operation, characteristic of services, reasonable profit and the generally prevailing tariff.**

The airline pricing system runs in multiple levels (buckets) which are in line with practices 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 seats 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 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. The airlines are compliant to the Sub Rule(1) of Rule 135 of the Aircraft Rules, 1937 as long as fares charged by them is in line with tariff displayed on their website.

(d) All the domestic airlines were advised to self-regulate airfares and maintain reasonable price levels on sectors that had a substantial number of Go First flights and also to operate additional flights on the sectors operated by Go First. As a result of the same, there was a substantial decline in the airfares on these sectors. Moreover, airlines introduced new flights on these sectors which further helped in reduction of the airfares.
