

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2346
(To be answered on the 3rd August 2023)**

REGULATION OF AIRFARE

**2346. PROF SOUGATA RAY
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Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the details of the steps taken by the Government to control the exaggerated domestic and international airfares in the country particularly during festival season;**
- (b) whether the Government has any proposal to formulate any policy regarding regulation of domestic and international airfares and if so, the details thereof;**
- (c) whether the Government has drawn any action plan to achieve its aim to facilitate travel for common man at affordable fare to remote destinations of the country and if so, the details thereof and if not, the reasons therefor;**
- (d) whether privatisation of Air India is a reason for price hike as there is no public airlines which could keep a control on price hike and if so, the details thereof; and**
- (e) whether Government has any plan to fix upper limit of domestic airfare and to promote low cost airlines in the country to attract more passengers 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) & (b) Airfares are market driven and are neither regulated nor established by the Government. Airlines are free to fix reasonable tariffs taking into consideration all relevant factors which include the cost of operation, characteristics of service and reasonable profit. Airlines, however, remain compliant with the regulatory provisions under Aircraft Rules, 1937 as long as the fare charged by them does not exceed the fare established and displayed on their website.

Directorate General of Civil Aviation (DGCA) has established Tariff Monitoring Unit which monitors fares on select 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. Increase in airfare has been noticed in a few sectors, primarily driven by seasonality and demand-supply constraints. Government has taken steps to sensitise the airlines, and consultations are held with airlines on regularly to keep passenger interest in mind and exercise moderation. The airfares in these select sectors are monitored daily and as a result of which, they have shown a declining trend.

(c) Ministry of Civil Aviation (MoCA) launched Regional Connectivity Scheme (RCS)- Ude Desh Ka Aam Nagrik(UDAN) on 21st October 2016. As on 20.07.2023, 1152 routes have been awarded, out of which 479 routes have commenced, connecting 74 airports, including 2 Water Aerodromes. UDAN is an ongoing scheme where bidding rounds are conducted from time to time to cover more destinations/stations and routes under the scheme.

(d) With the repeal of Air Corporation Act in March 1994, the Indian domestic aviation has been deregulated. Airlines are free to induct capacity with any aircraft type, free to select whatever markets and network they wish to service. It is up to the airline operators to introduce air services to / from any airport in the country depending on their operational and commercial viabilities.

As on 28.07.2023, a total of 08 Indian scheduled operators with 649 aircraft are operating commercial passenger services in the country. Ticket prices are fixed by the airlines keeping in mind the market, demand, seasonality and other market forces. Airline ticket prices are determined by the demand and supply theory and are governed under the competition laws (Competition Act, 2002). Anti-competitive practices are kept in check by the Competition Commission of India (CCI)

(e) No such proposal is under consideration.
