

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 5040
(To be answered on the 25th March 2021)**

IMPACT OF HIGH AIRPORT CHARGES ON AVIATION SECTOR

5040. SHRI N.K. PREMACHANDRAN

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government is aware that Higher Airport Cost and Higher Airport charges levied by Airport Authority of India has become a crisis in civil aviation sector;
- (b) if so, the action taken by the Government to reduce the charges;
- (c) whether the Government has fixed the charges of various services of airport during the execution of the agreement with private parties as part of privatisation of airports and if so, the details thereof;
- (d) whether it has come to the notice of the Government that the ticket pricing of airline is not based on criteria; and
- (e) if so, the action taken by the Government to fix criteria for regularising the ticket pricing and ensuring the availability of air ticket at reasonable charge?

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a) & (b): Tariff in respect of major airports is determined by the Airports Economic Regulatory Authority (AERA) in terms of Rule 86, 88 and 89 of the Aircraft Rules, 1937. For non-major airports, tariffs are levied by the Airports Authority of India (AAI) with the approval of the Ministry of Civil Aviation. The tariffs for international flights at non-major AAI airports were increased by 10% in the year 2009, 10% in December, 2016 and 5% in April, 2017. However, for domestic flights, tariffs were increased by 10% in the year 2009 only. Since tariffs for domestic flights were not effectively revised since 2009, considering the time gap since last revision of tariffs, the charges at non-major airports have been revised w.e.f.01.10.2020.

(c): Under the Public Private Partnership (PPP) model adopted by AAI at its airports, the exclusive right and authority is granted to the PPP partner during the concession period to undertake some of the functions of the AAI i.e., operation, maintenance, development, design, construction, upgradation, modernisation, finance and management of the Airport. However, the charges in respect of aeronautical services provided at major airports including PPP airports are determined by an independent Regulatory Authority, i.e. AERA.

(d) & (e): : The air fare is neither regulated nor established by the Government and the airlines are free to fix the reasonable tariff under the provision of Aircraft Rules, 1937 having regard to all relevant factors including the cost of operations, characteristic of service, reasonable profit and the generally prevailing tariff. However, with a view to maintain transparency, Directorate General of Civil Aviation (DGCA) has started monitoring of airfares on certain routes selected on random basis to ensure that the airlines do not charge airfares outside the range declared by Airlines on their websites.

Due to the outbreak of COVID 19, scheduled domestic operations were suspended w.e.f. 25.03.2020 which were subsequently resumed in a calibrated manner w.e.f. 25.05.2020 with fare capping (lower and upper limit on different sector) to ensure that airlines do not charge excessive fare and the journey is performed only for essential purpose. The fare band serves the dual purpose of protecting the interests of the travelers as well as the airlines. This Order dated 21.05.2020 has been extended from time to time spelling out the fare bands and is currently in force up to 31.03.2021 or until further orders.
