

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Lok Sabha
STARRED QUESTION NO. : 53
(TO BE ANSWERED ON THE 28th November 2024)
INCREASE IN AIRFARE

53. THIRU DAYANIDHI MARAN

Will the Minister of CIVIL AVIATION

be pleased to state:-

(a) whether it is true that there have been fluctuation in air ticket prices and a 40% increase is reported during the last year and if so, the details of action taken thereon along with the corrective steps taken in this regard;

(b) whether there are any plans to set a ceiling on airfare as per sectors, especially during high-demand periods and if so, the details thereof;

(c) the details of meetings or consultations held with industry and stakeholders in this regard;

(d) the criteria adopted by various airlines in determining fares at present;

(e) the details of framework or policy being considered to set a transparency mechanism to prevent arbitrary pricing; and

(f) whether the Government proposes to take initiatives to encourage fair competition or reintroduce public sector participation to provide more affordable options for travellers and if so, the details thereof?

ANSWER

Minister of CIVIL AVIATION (Shri Kinjarapu Rammohan Naidu)

(a) to (f) A statement is laid on the table of the House.

Statement referred to in reply to Parts (a) to (f) in respect of Lok Sabha Starred Ques. No. 53 for reply on 28.11.2024 regarding "Increase in Airfare" by Shri Thiru Dayanidhi Maran ; (a) & (f): With continuous engagement with airlines & Online Ticketing Agents (OTAs) and keeping a watch on the movement of airfares by the government, the airfares have moderated in 2024 relative to 2023. Notably, during festival seasons, a decrease in airfares was observed in various sectors. With the enhancement of capacity by induction of more aircraft fleet, modernization of airports and development of new airports, domestic passenger traffic has increased to 153,674,310 in 2023-24 as compared to 136,028,656 in the year 2022-23. Even in the current financial year 2024-25 upto-September, the domestic passenger traffic (79,345,065) has surpassed the volume (75,358,445) during the corresponding period in the year 2023-24, reflecting a growth of 5.3%. The airlines have also been sensitized to ensure reasonability while fixing the airfares and to keep passengers' interest in mind. ; A meeting was held on 01.08.2024 with all airlines wherein, possible steps to increase the transparency of Airfare were discussed. The importance of airlines to ensure fair and reasonable airfares so that the sector serves the general public and witnesses continuous growth was emphasized.; ; A meeting was held on 20.09.2024 wherein OTAs were advised to take all necessary steps to ensure speedy refund to the passengers and to effectively handle the issue of fare hike while booking so as; to increase the passenger satisfaction level. ; Moreover, DGCA held a meeting with

the Airlines on 19.11.2024 wherein several key issues identified during the meeting held on 01.08.2024 were emphasized for compliance with representatives of the Airlines. ; Directorate General of Civil Aviation (DGCA) has setup a Tariff Monitoring Unit (TMU) that monitors airfares on select domestic sectors on random basis by using airlines websites on monthly basis to ensure that the airlines do not charge airfares outside the range declared by them.; ; The airfares are dynamic in nature and follow the principle of demand & supply. The trends in airfare prices in India exhibit considerable seasonality, prevailing fuel price, the capacity of the aircraft operating on the route, competition on the sector, season, holidays, festivals, long weekends, events (sports, fairs, contests) etc. The months of May and June experience heightened traffic, with a notable peak in international travel commencing in mid-July, which concurrently influences domestic demand. From July to September, there is typically a decline in travel activity due to the monsoon season. Nevertheless, the arrival of the festive season in October, particularly during the celebration of Diwali, triggers a notable resurgence in travel demand. By mid-January, travel demand begins to wane, continuing its decline until the final week of April. Following this period, a renewed interest in travel coincides with the summer holidays, contributing to an increase in demand once again. ; Besides this, the pricing of airfares is significantly influenced by operational constraints at airports, are subject to limitations imposed by terrain, weather conditions, and restricted operating hours. The combination of constrained capacity and elevated demand leads to increased fares on these routes due to

operational limitations and capacity restrictions. ; When setting prices, airlines consider above factors such as market conditions, demand fluctuations, seasonal trends, and other pertinent market influences. This approach allows them to adjust fares in a way that reflects the current travel landscape. Airfares are not subject to regulation by the Government and airlines have the flexibility to determine their airfares based on their operational needs, while adhering to Rule 135 of the Aircraft Rules, 1937. While the government generally refrains from regulating airfares to maintain market competitiveness, however, it remains vigilant, and the Government intervenes to shift capacity from one sector to another to prevent exorbitant pricing to ensure passenger comfort and welfare. ; Given the complex dynamics of the Indian aviation industry, Government is playing the role of a facilitator by way of creating enabling environment to support the growth of the sector.;