

#### **Fare determination of airlines**

†322. SHRI SATYAVRAT CHATURVEDI:

SHRI MOTILAL VORA:

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the details of policy of airlines for determining fares and the basis thereof;
- (b) whether Government is aware that some airlines are charging unreasonable fare on various routes;
- (c) whether the Ministry has issued any warning to domestic airlines regarding exorbitant rates of fares;
- (d) if so, the results thereof; and
- (e) the names of airlines which furnish the details of their fare charts on various routes to Government on the first day of the month?

THE MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI): (a) Air fares applicable for domestic passengers are determined by market forces. Airlines determine tariff keeping in view all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff.

(b) to (d) In view of sudden surge in airfares for flights on various metro from 15th November, 2010 onwards compared to those prevalent a week before, without any increase in cost of operation, all the schedule airlines were directed to charge tariff at a reasonable level.

With a view to maintaining transparency in tariff publication, Directorate General of Civil Aviation (DGCA) has taken following steps:—

- Scheduled domestic airlines have been directed to display established tariff route-wise and fare category-wise in their websites, on monthly basis and also to notify any significant and noticeable changes to DGCA within 24 hrs. of effecting such a change.
- A Tariff Analysis Unit has been set up in DGCA to monitor tariff on regular basis.
- (e) All schedule domestic airlines viz. Air India Ltd., Jet Airways, JetLite, Kingfisher Airlines, Spicejet, Go Air and Indigo are furnishing the route-wise and fare category-wise tariff to DGCA on monthly basis.

#### **Domestic market share of Air India**

323. SHRI R.C. SINGH: Will the Minister of CIVIL AVIATION be pleased to state:

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†Original notice of the question was received in Hindi.

(a) whether it is a fact that Air India (AI) slipped further to fourth place in terms of domestic market share and its place has been taken by Indigo;

(b) if so, the reasons therefor;

(c) what are the reasons that AI has not taken a decision to operate low-cost carriers like AI Express so as to compete with other private airlines;

(d) the occupancy rate of AI and other private airlines on domestic routes during 2010, month-wise and airline-wise; and

(e) the steps, the Ministry is taking to improve its slipping position?

THE MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI): (a) and (b) Yes, Sir. As per DGCA statistics, Air India's domestic market share has slipped to 4th place since November, 10. This is because Indigo's capacity share is higher than that of Air India in the domestic market and being an LCC airline, Indigo is in a better position to offer lower fares than that of full service carriers like Air India.

(c) Presently Air India Express has no spare capacity to undertake additional flights.

(d) The month-wise and airline-wise occupancy rate/passenger load factor on domestic sector of Air India and other private airlines is given in the Statement (See below).

(e) Government has infused an amount of Rs. 2000 crores as equity in Air India and also appointed five eminent persons as part-time Non-official Directors on its Board. Besides this, the airline has launched intensive marketing and adopted steps to enhance operational improvements and improve standards.

#### **Statement**

*The occupancy rate/passenger load factor of Air India and other private airlines on domestic routes during 2010*

Month	Airlines							
	Air	SpiceJet	Paramount	Kingfisher	JetLite	Jet Airways	Indigo	Go Air
1	2	3	4	5	6	7	8	9
January	73.6	82.1	87.8	76.4	74.8	73.6	83.2	77.1
February	71.9	81.3	85.2	75.9	79.6	75.0	82.9	77.6
March	66.5	73.5	84.7	70.1	73.0	70.3	74.0	70.1
April	72.9	81.0	85.0	75.9	78.1	74.2	82.4	77.8

1	2	3	4	5	6	7	8	9
May	77.8	90.4	86.6	83.2	85.4	82.5	92.3	85.7
June	72.3	88.5	86.8	84.8	83.6	80.5	90.7	83.6
July	62.5	76.8	86.9	79.3	76.6	73.8	80.2	71.3
August	65.5	70.3	88.1	80.9	73.2	70.4	74.5	71.7
September	66.7	70.2	NA	85.9	71.8	70.2	72.4	69.6
October	70.8	84.4	NA	87.1	80.7	73.7	86.1	77.3
November	76.9	87.5	NA	86.7	82.1	77.0	91.0	85.3
December	78.8	87.8	NA	85.9	84.8	80.2	93.3	86.8

**Air India's policy for purchase of aircrafts**

324. SHRI Y.S. CHOWDARY: Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the details of upgraded policy for national carrier Air India for purchase of aircrafts;
- (b) whether the Ministry has purchased aircrafts worth over Rs. 50,000 crore during the last 5-6 years for erstwhile Indian airlines and Air India;
- (c) whether CAG has questioned and sought replies on the merger of AI and IA, loss of market share, amount of losses and even policy of giving upgrades on the airlines;
- (d) if so, the details thereof; and
- (e) the details of total loss to the Government Exchequer due to merger of AI and IA and loss of market share?

THE MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI): (a) and (b) Erstwhile Air India and Indian Airlines had placed orders with M/s Boeing and M/s Airbus Industries for purchase of 68 and 43 aircraft respectively during 2005/2006.

(c) to (e) As per established procedure, the CAG made certain observations which after replies are under examination of the CAG. The losses incurred by the airline are primarily because of increase in fuel prices, increase in interest and depreciation costs, increase in wage bill and increase in leasing and maintenance cost.

**Denial of boarding to domestic air travellers**

325. SHRI Y.S. CHOWDARY: Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the complete details of domestic air travellers denied boarding due to overbooking, last-minute flight cancellation and delays by over two hours during the last six months;