

Response to low airfare offer

649. SHRI MOHD. ALI KHAN: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the low airfare offer gets mixed response not only in Air India but also in the private airlines; and

(b) if so, the details thereof and the response received by each airline including Air India during the last three years due to the implementation of low airfare for each sector in the country?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI G. M. SIDDESHWARA): (a) and (b) Air fares are not fixed by the Government. Airlines are free to fix reasonable tariff under the provision of sub-rule (1) of Rule 135, Aircraft Rules 1937 having regard to all relevant factors, including the cost of operation, characteristic of services, reasonable profit and the generally prevailing tariff. The airlines pricing runs in multiple levels [buckets or Reservation Booking Designator (RBDs)] which is in line with the practice followed globally. The prices are fixed by airlines keeping in mind the market demand, seasonality and other market forces.

Various airlines launch promotional fares on domestic network offering discounts on basic fare and airline fuel charge for a short period and travel. However, the Ministry does not maintain data relating to response to low air fare offered by airlines. Air India, the national carrier, also launches schemes offering discount on basic fare and airline fuel charge during lean period to mop up a share of advance purchase market to match the competition in the sector.

Privatisation of Air India

†650. SHRI NARESH AGRAWAL:

SHRI D.P. TRIPATHI:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the privatisation of Air India is being contemplated owing to the losses suffered by it;

(b) the details of the losses being suffered by Air India every year along with the amount of packages given to it by Government during the last three years, year-wise; and

(c) the main reasons of the losses suffered by Air India?

†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI G. M. SIDDESHWARA): (a) No, Sir. No such proposal is under consideration with the Government at present.

(b) The details of the losses and the equity infused by the Government in the last three years are as follows:

(₹ in crores)

Year	Loss	Equity infused by Govt.
2011-12	7,559.74	1,200.00
2012-13	5,490.16	6,000.00
2013-14 (Provisional)	5,388.82	6,000.00

(c) The main reasons of the losses suffered by Air India are as follows:

1. High operating cost environment.
2. Increases in the prices of Aircraft Fuel.
3. Depreciation of Indian Rupee *vis a vis* US dollar.
4. Increase in interest cost due to high working capital and aircraft loans.
5. Global recession leading to pressure on yields.
6. Entry of low cost carriers in domestic market and competition from foreign carriers in the international market thus resulting in decline in yields.
7. High airport charges.

Financial position of Air India

651. SHRI AMBETH RAJAN: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that inspite of huge infusion being made towards the Financial Restructuring Plan, Turn Around Plan and cost control measures effected, the financial position of Air India has not improved significantly;

(b) if so, the reasons therefor;

(c) whether Government will once again undertake any honest and comprehensive study so that National Carrier's financial position is strengthened and become numero uno; and

(d) if so, the details thereof? .