

Differences in air fares

†1778. SHRI PRABHAT JHA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there remains huge difference in air fares charged by different airlines due to absence of appropriate rule for fixing of air fare, if so, the details thereof; and

(b) whether implementation of a proper system is being considered to control the huge differences in air fares charged by different airlines and to bring uniformity in them and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (DR. MAHESH SHARMA): (a) Air fares are not regulated by the Government. Under the provision of prevailing regulation (Sub Rule (1) of Rule 135, Aircraft Rules 1937), every air transport undertaking engaged in scheduled air service are required to establish tariff having regard to all relevant factors, including the cost of operations, characteristics of service, profit and the generally prevailing tariffs. The fares so established, are required to be displayed by the airlines on their websites in compliance of Sub Rule (2) of Rule 135, Aircraft Rules 1937.

Air fare pricing forms the strategic framework of airlines to respond the demand/supply and market dynamics through the Inventory Management Process. The domestic airline pricing runs in multiple levels [bucket or RBD (Reservation Booking Designator)] which are in line with the practice followed globally. Usually, the lower levels of fare in fare bucket are assigned to advance purchase (popularly known as Apex Fares) bookings (e.g. up to 90,60,30,14 and 07 days before departure). As time lapses and date of journey approaches, (within 07 days of date of departure), the fares in higher side of fare bucket become available for purchase.

(b) With the repeal of Air Corporation Act in March, 1994, the provision of air fare approval was dispensed with by the Government. Airlines remain compliant to the regulations as long as the fare charged by them does not exceeds the fare structure displayed on their website.

IT assessment of CSR spending

†1779. SHRI R.K. SINHA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that Government asks various companies to spend a certain per cent of their profits under CSR;

†Original notice of the question was received in Hindi.

(b) whether it is a fact that profit making companies are not spending under CSR head because the assessing officer of Income Tax (IT) renders the expenses incurred under CSR invalid; and

(c) if so, whether the Ministry has asked the Ministry of Finance to declare the expenditure under CSR as valid and justified under Income Tax Act?

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY): (a) Section 135 (1) of the Companies Act, 2013 mandates every company with a turnover of ₹ 1000 crores or more; or a networth of ₹ 500 crores or more; or a net profit of ₹ 5 crore or more to spend at least two per cent of their average net profits earned during three immediately preceding financial years on CSR activities.

(b) and (c) No such issue has come to the notice of this Ministry. The Finance Act, 2014 clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like rural development projects, skill development projects, notified agricultural extension projects and contribution to Prime Minister National Relief Fund etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961, subject to fulfilment of specified conditions.

Adoption of suggestions of panel on review of Companies Act

1780. SHRI TIRUCHI SIVA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government intends to adopt the changes suggested by the high-level panel that was set-up to review the issues arising out of implementation of the Companies Act, 2013;

(b) if so, the details thereof and if not, the reasons therefor;

(c) whether Government has already formed a Committee to look into these suggestions; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY): (a) to (d) The report of Companies Law Committee (CLC) was submitted on 01/02/2016 *vide* which the Committee had suggested changes in 78 sections of Companies Act, 2013 not including the consequential amendments in other sections of the Act. The Government