

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 652
(TO BE ANSWERED ON THE 2nd December 2024)

AIRLINE INDUSTRY SEEING LESS COMPETITION AND HIKE IN PRICES

652. SHRI VIVEK K. TANKHA

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) in light of recent airline bankruptcies, the steps Government is taking to restore competition in the aviation sector;
- (b) the regulatory measures that are being considered to protect consumers from price hike with rising airfares due to reduce competition; and
- (c) manner in which Government is planning to support struggling airlines and prevent further consolidations that could harm competition in the aviation industry?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Murlidhar Mohol)

(a): The National Civil Aviation Policy, 2016 seeks to provide a conducive ecosystem for overall growth of the Indian aviation sector in a harmonised manner that includes growth of all its sub-sectors viz airlines, airports, MRO, FTO etc. The Policy envisages growth of civil air transport operations creating an environment for existing airlines to grow and new airlines to enter. The Regional Connectivity Scheme-UDAN has further enhanced the potential for new airlines to emerge. So far, 5 new airlines commenced operations with the support of UDAN Scheme.

(b): With continuous engagement with airlines and monitoring of airfares by the Government, the airfares have moderated in 2024 in comparison to 2023.

Airfares are neither established nor regulated by the Government. Under the provisions of Sub Rule (1) of Rule 135 of the Aircraft Rules, 1937, every air transport undertaking engaged in scheduled air services is required to establish a tariff having regard to all relevant factors including cost of operation, characteristic of services, the generally prevailing tariff etc. The prices are fixed by airlines keeping in view the market demand, seasonality and other market forces. Directorate General of Civil Aviation (DGCA) monitors airfares on certain routes

on a random basis to ensure that the airlines do not charge airfares outside the range declared by them on their website.

(c): With the repeal of Air Corporation Act in March 1994, the Indian domestic aviation has been deregulated. Government creates an enabling ecosystem for civil aviation to grow in a safe and sustainable manner and to enhance ease of doing business through deregulation, simplified procedures and e-governance, but does not interfere in the commercial/financial decisions and manner of operations of the Airlines.
