



# Govt removes fare caps on airlines

- By Ankit Agrawal

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# Airfare bands go, last-minute tickets likely to get cheaper



The Hindu Bureau

NEW DELHI AUGUST 10, 2022 17:11 IST

UPDATED: AUGUST 11, 2022 12:36 IST

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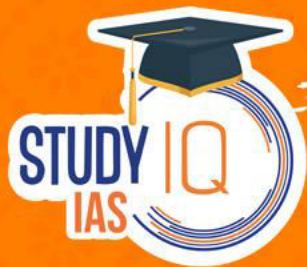
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22nd August - 17th September	Polity
19th September - 1st October	Governance and Social Justice
3rd October - 4th November	Modern History
7th November - 17th December	Economy
19th December - 3rd January	Science and Tech
5th January - 10th February	Geography
13th February - 14th March	Ancient , Medieval, Art and Culture
16th March - 3rd April	Environment
4th April - 4th June	Prelims preparation break (Prelims mock tests will be conducted)
Post Prelims These topics will be covered	
5th June - 21st June	Society
22nd June - 8th July	Ethics
10th July - 27th July	International relations
28th July - 4th August	World History + Disaster management (extra classes)
5th August - 12th August	Essay + Internal Security (extra classes)



Amit Kilhor

History



Ankit Agrawal

Indian Economy  
(Banking)



Shashank Tyagi

Polity & International  
Relations



Kapil Bharadwaj

Geography



Dilip Kumar

Environment



Rahul Saigaonkar

Science and  
Technology



Prashant Tiwari

Current Affairs /  
World History



Nanki Baweja

Economy



Shubham Sardhalia

Society /  
Internal Security



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## 8:00am



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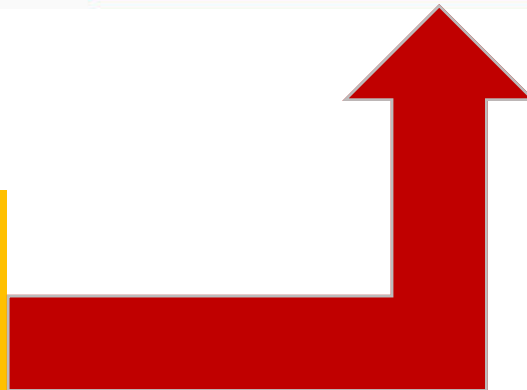
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## WHAT HAS HAPPENED?

The Ministry of Civil Aviation announced that the last of the measures imposed during Covid to protect domestic airlines and fliers **are going to be done away with from August 31st.**

The upper and lower bands that capped flight fares have been withdrawn and air fares **from next month onward would be determined by the market.**



Government of India  
Ministry of Civil Aviation

\*\*\*\*\*

B Block, Rajiv Gandhi Bhawan,  
Safdarjung Airport, New Delhi-110003  
Dated the 10<sup>th</sup> August, 2022

ORDER NO. 28/2022

Reference is invited to this Ministry's Order No 02/2020 of even file number dated 21.05.2020 and further modified from time to time regarding fare capping operational during calibrated opening of the aviation sector in the country. The order was last modified vide Order No. 26/2021 dated 18.09.2021.

2. After review of the current status of Scheduled Domestic Operations viz-a-viz passenger demand for air travel in terms of purpose specified in the initial order Order No. 02/2020 dated 21.05.2020, it has been decided to remove the fare bands notified from time to time regarding the airfares with effect from 31.08.2022.

3. The airlines / airport operators shall, however, ensure that the guidelines to contain the spread of COVID are strictly adhered to and COVID appropriate behaviour is strictly enforced by them during the travel.

4. This issues with the approval of the competent authority.

In June, the government had consultations with aviation industry representatives who told the ministry that they were unable to recover completely from the **pandemic impact**,

When flights were grounded for 2 months, **unless restrictions on their operations are removed.**





**Jyotiraditya M. Scindia** ✓

@JM\_Scindia



The decision to remove air fare caps has been taken after careful analysis of daily demand and prices of air turbine fuel. Stabilisation has set in & we are certain that the sector is poised for growth in domestic traffic in the near future.



**MoCA\_GoI** ✓ @MoCA\_GoI · Aug 10

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## SO WHAT HAPPENS TO AIRFARES NOW?

Speaking to various media organisations, **airline executives said that the withdrawal of price caps is not expected to have any immediate impact on fares because the fares on most routes are not near the upper or lower limit.**

Meanwhile, Aviation Turbine Fuel (ATF) **had reached the sky in June, and combined with a falling Rupee, the aviation sector was witnessing another slowdown.**



Jet fuel prices had surged to a record high of Rs 1.41 lakh per kilolitre in Delhi in mid-June primarily due to the effects of sustained shortages and delays due to the Ukraine war.

Flying became a costly affair but in a matter of over a month after that, jet fuel prices had softened.

On August 1, the price of ATF in Delhi was Rs 1.21 lakh per kilolitre.

This may give room to airlines to offer some relief to passengers.

## REDUCTION IN FARES FOR SOME ROUTES

Industry experts also believe that the removal of the caps could reduce the fares on some routes where the traffic load is not so heavy.

With just demand and supply of routes determining the fares, some sectors could offer comparatively lower pricing to flyers.

Meanwhile, a cost surge for popular routes like metro cities of Delhi, Bangalore and Mumbai could witness a surge.



Also, there is a possibility that last minute flights **could now get cheaper.**

As the market sets the rules, **passengers will get competitive fares and there will be a normalisation in prices.**

**Executives hope for growth and stability in the industry** that faced an unprecedented crisis due to the Covid induced lockdown in 2020.

**While travel has picked up post lockdown, airlines will be able to lower prices during lean periods to attract more customers and fill up their flights.**

## WHAT ARE THE AIRFARE CAPS?

In May 2020, the government had capped airfares – introducing seven bands for **domestic economy class travel based on duration of travel.**

To protect weaker airlines from pricing wars, the ministry had set a lower band below which no airlines **could charge fares and an upper band to protect passengers.**

For example, **airfare could not fall below Rs 2,900** (excluding GST) or **exceed Rs 8,800** (excluding GST) **for domestic flights of less than 40 minutes.**

The fare regulation was a rare move and the ministry **began exiting the role slowly** (by **imposing restrictions only** on tickets that were booked **within 15 days of travel**) and **now completely by August 31<sup>st</sup>.**



**Q. Which among the following can be used as fuels in gas turbines?**

A) Natural gas

B) Petroleum

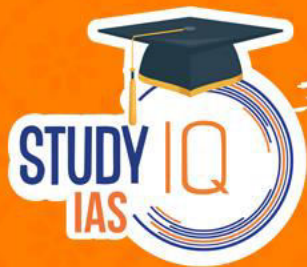
C) Diesel

D) All of the above



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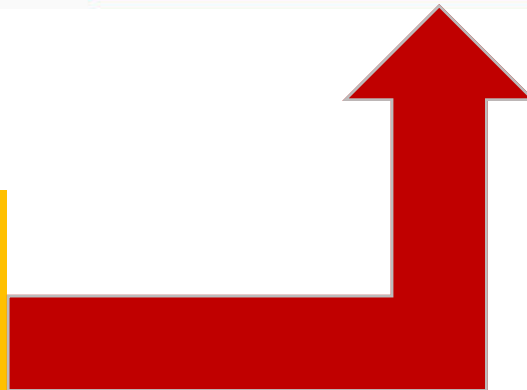
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