

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2014
(To be answered on the 31st July 2025)**

SUPPORTIVE FINANCIAL MECHANISMS FOR AIRLINES

2014. SHRI VISHALDADA PRAKASHBAPU PATIL

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government is aware that Indian airlines are experiencing difficulties in increasing airfares to cover rising operational costs and if so, the details thereof;
- (b) whether there are any supportive financial mechanisms for the same and if so, the details thereof; and
- (c) whether there is any comprehensive strategic framework for aviation affordability and if so, the details thereof?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Murlidhar Mohol)

(a) : 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, characteristics of services, the generally prevailing tariff etc. The prices are fixed by airlines keeping in view the market demand, seasonality and other market forces.

(b) & (c): To ensure the affordability of regional air travel, the Government has launched the RCS-UDAN scheme in 2016. The Scheme provides financial incentives to airline operators on identified regional routes that include concessions by the Central Government, State Governments/ Union Territories and airport operators to reduce airline operation costs and also the Viability Gap Funding (VGF) to bridge the gap between operational costs and expected revenues on such routes. The airfare on the RCS seats on which VGF is provided to the Selected Airline Operators (SAOs) is capped for a 3-year tenure. The above measures aim to strengthen affordability, accessibility and overall passenger convenience in the aviation sector, thereby promoting regional development and economic growth.
