

Airlines reduce airfares after govt instructions

- A Monitor Desk Report

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Domestic airfares registered a drop on several routes over the last week after the aviation minister, Jyotiraditya Scindia, asked airlines to put a leash on prices.

As a result of this, while the prices have cooled down from the highs of last month, fares on several routes are still higher than what they were a year ago.

Airfares skyrocketed last month as demand surged when GoFirst suspended its operations on May 3. The supply side struggled to keep up with the demand as some other carriers also grounded planes due to late engine deliveries, the ET report said.

At its highest, one-way fare for a Delhi to Leh flight in May stood at a whopping Rs 43,519, more than thrice the prices a year ago, Rs 14,334, ET reported. The Delhi-Pune one-way fare shot up to Rs 30,626 in May compared with Rs 18,222 a year ago.

In the wake of steep airfare hikes, aviation minister Scindia had asked the airlines to devise a "reasonable" pricing mechanism. Last week, the minister said that the highest fares on some routes were now down by as much as 61 per cent after meeting with various airlines officials.

The chief financial officer of Cleartrip, Aditya Agrawal, says, "The Indian market is supply constrained as several aircraft are grounded due to engine and other issues,

while demand has exceeded pre-Covid levels. This has effectively created a floor below which prices aren't dropping. This will correct when new aircraft get delivered over the next few months."

An industry expert told that the recent easing in prices is a routine airline response after the government asked them to reduce fares. However, the expert added that there is no concerted effort by airlines to cut fares overall.

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