

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
Lok Sabha
UNSTARRED QUESTION NO. : 2007
(TO BE ANSWERED ON THE 31st July 2025)
VIABILITY GAP FUNDING

2007. SHRI Y S AVINASH REDDY
Will the Minister of CIVIL AVIATION

be pleased to state:-

- (a) whether the Government has taken note of the exorbitant airfares being charged by the airlines;
- (b) if so, the details thereof;
- (c) whether the Government has any plans to cap these airfares to make air travel accessible and affordable for all and if so, the details thereof; and
- (d) the total amount paid to airlines under Viability Gap Funding (VGF) to compensate for low airfares, year and airline-wise?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION (Shri Murlidhar Mohol)

(a) to (c) Airfares are not subject to regulation by the Government and airlines have the flexibility to determine their airfares based on their operational needs, while adhering to Rule 135 of the Aircraft Rules, 1937. The pricing of airfares is subject to dynamic fluctuations influenced by the fundamental economic forces of supply and demand. Various determinants such as current seat occupancy, fuel costs, aircraft capacity, and competitive factors significantly impact airline ticket pricing.;

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To ease surge in air fare, Ministry remains vigilant and sensitize airlines to exercise moderation/ self- regulation, measures like increase in the number of flights, reallocating capacity, etc. are adopted as done during Pandemic, festivals, Mahakumb and Pahalgam Incident.

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In order to enhance the transparency in airfare, DGCA has set-up Tariff Monitoring Unit (TMU) that monitors airfares on selected 78 routes on a random basis by using airlines websites on monthly basis to ensure that the airlines do not charge airfares outside the range declared by them, under the provision of sub-rule (2) of Rule 135 of the Aircraft Rules, 1937. This covers about 27% of the domestic traffic.;

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(d) The Regional Connectivity Scheme (RCS) - Ude Desh ka Aam Nagrik (UDAN) envisages providing connectivity to un-served and underserved airports of the country through revival of existing air strips and airports, which in turn also promotes tourism, increase employment opportunities and regional growth across the country.;

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637 RCS routes connecting 92 unserved and underserved airports, including 15 heliports and 2 water aerodromes have been operationalized under the scheme. The airfare on the RCS seats on which VGF is provided to the Selected Airline Operators (SAOs) is for a 3-year tenure.;

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The total amount paid to airlines under Viability Gap Funding (VGF), year and airline-wise is placed at Annexure.;

VGF Disbursed to Airlines*(figures in Rs. Crore)*

SI No.		2022-23	2023-24	2024-25	2025-26	Total
1.	ALLIANCE AIR	177.54	130.05	97.47	16.16	421.22
2.	AIR TAXI	0	3.75	14.75	3.73	22.23
3.	BIG CHARTERS	86.63	64.52	54.26	13.95	219.36
4.	GHODAWAT	75.17	116.76	186.68	33.02	411.63
5.	GSEC MONARCH	5.94	16.83	23.46	4.04	50.27
6.	HERITAGE	12.78	15.22	26.19	3.91	58.1
7.	INDIGO	298.61	296.98	107.79	0	703.38
8.	PAWAN HANS	25.5	32.52	21.21	5.03	84.26
9.	SPICEJET	116.17	129.99	26.89	18.71	291.76
10.	Just Udo Aviation P. Ltd.	0	0.4	69.26	14.61	84.27
	Total	798.34	807.02	627.96	113.16	2346.48

***Total VGF disbursed to airlines since 2017-18 is Rs. 4159.73 Crore.**
