

Airlines to cash in on festive rush, hike fares during Diwali

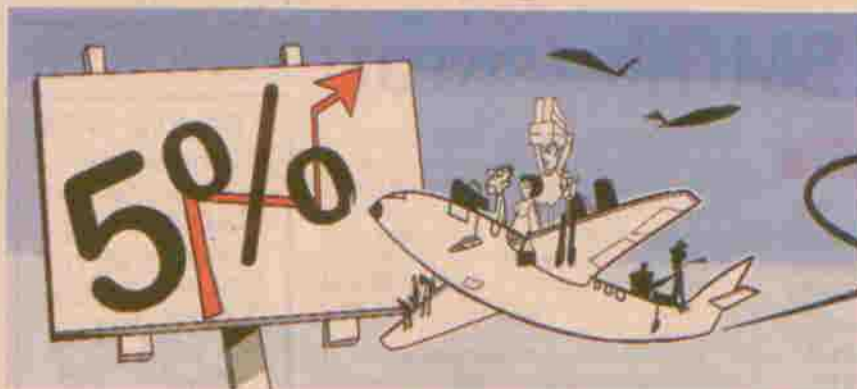
Mithun Roy
MUMBAI

THERE could be more bad news for air travellers—albeit selectively. Airlines are learnt to be considering a 5% fare hike during Durga Puja and Diwali in some routes where traffic increases considerably in the festive season.

It is learnt that both full fare and budget carriers have drawn up plans to jack up fares marginally in the Delhi-Kolkata route during Durga Puja. Mumbai and a few other cities connecting Delhi are likely to see similar fare hikes during Diwali and Bhaiduj. Executives of Jet Airways and SpiceJet have confirmed the move, which is aimed at encashing the spurt in load-factors to as high as 80-90% during this time.

Jet Airways chief commercial officer Sudheer Raghavan said: "The 5% hike is on the top of the company's earlier plan to increase prices." He said the price rise would not be withdrawn after the festive season. SpiceJet chief commercial officer Samyukth Sridharan told ET: "There would be rise in fares in Kolkata, Mumbai and Delhi connecting flights during Durga Puja and Diwali. We will be selling our last 10-15 seats at a marginal higher rate as load factor is likely to increase during those days."

"Travellers have to pay more if they don't book much in advance as the company is not considering any fare reduction in the festive period," SpiceJet CPO Partha Sarathi Basu said.



ZAHID ALI

Industry sources said the struggling low-cost carrier GoAir is considering a similar move. However, this could not be confirmed. An e-mail sent to the company on Friday remained unanswered.

Analysts said airlines are grappling with low passenger load factor, which is hovering in the range of 50-65%. "It makes sense for them to marginally increase fares in some select routes," said an analyst. Domestic air travel has been going down significantly this year following several rounds of rise in fares on the back of the spurt in aviation turbine fuel or jet fuel (ATF) prices. Statistics published by the aviation ministry reveal that 41 lakh travellers flew within the country in May. The number fell to 35 lakh and 30

lakh in June and July, respectively.

Although ATF prices have recently fallen, they are still around 58% higher than what they were a year ago. ATF prices are hovering around \$115 per barrel against \$73 per barrel in 2007. "A 5% hike in fare will partially wipe out the losses of the airlines," said an expert.

Last week, state-run oil firms slashed ATF prices by over 16%, the biggest ever single cut, in keeping with the softening of oil prices in the international market. According to estimates of the industry body Centre for Asia Pacific Aviation, India's airlines are likely to lose a combined \$1.5 billion this fiscal, more than double from a year earlier.

mithun.roy@timesgroup.com