

भारतीय लोक  
प्रशासन संस्थान  
इन्द्रप्रस्थ एस्टेट, रिंग रोड, नई दिल्ली-110 002



INDIAN INSTITUTE OF  
PUBLIC ADMINISTRATION  
I.P. ESTATE, RING ROAD, NEW DELHI-110002 (INDIA)

State Consumer Helpline Knowledge Resource Management Portal  
(SCHKRMP)  
(A National Nodal Agency)

Ref. No. IIPA/SCHKRMP/Airlines/2018  
Dt. 13/03/2018

**Sub: High cancellation/rescheduling fee being charged by Airlines- Request intervention of Department of Consumer Affairs to take up with DGCA to frame out policy on cancellation fee chargeable by the Airlines and to withdraw the practice of charging seat preferential fee/ charges**

Dear Shri *Mehta*,

As you are aware we are monitoring a number of issues of consumer interest and seek their redressal so that the consumer is not exploited in the market.

Recently we have come across high cancellation/ rescheduling fee being charged by the Airlines.

Please find attached the case for taking up appropriately with Civil Aviation Ministry so that such unethical practice of charging high fee towards cancellation / rescheduling fee is discontinued.

*With regards*

Yours sincerely,

*Suresh Misra*

(Suresh Misra)  
Project Director

Shri Amit Mehta  
Joint Secretary (CA)  
Department of Consumer Affairs  
Room No. 486-A, Krishi Bhaawan  
New Delhi-110 001

**Sub: High cancellation/rescheduling fee being charged by Airlines- Request intervention of Department of Consumer Affairs to take up with DGCA to frame out policy on cancellation fee chargeable by the Airlines and to withdraw the practice of charging seat preferential fee/ charges**

Recently a ticket booked for Delhi- Ahmedabad-Delhi on 2<sup>nd</sup> February 2018 for scheduled Departure on 25<sup>th</sup> February 2018 and scheduled return journey on 28<sup>th</sup> February 2018 was required to be cancelled on 22<sup>nd</sup> February 2018. Surprisingly, the amount of refund by the intended passenger as received was merely Rs. 493/- out of the paid amount of Rs. 6,243/- deducting an amount of Rs. 5,750/- supposedly to be the cancellation fee.

1. Total amount paid: Rs. 6,243
2. Amount deducted: Rs. 5,750
3. Amount refunded: Rs. 493

With such a high amount being deducted towards cancellation fee, the intervention of Department of Consumer Affairs is sought to request DGCA to intervene appropriately to regulate the cancellation fee being deducted by the Airlines and the agents.

The Airlines are in the transport business of carrying the passengers and thus logically the charges or the fare need to be charged only when the passenger is availing the transport services. Transport services are the main area of the Airlines business and hence the income needs to be only out of transport services. In the instant case the passenger has paid an amount of Rs. 5,750/- without even availing the transport services of the Airlines thus violating the Consumer Protection Act, 1986. As per basic principles of Consumerism, the consumer is required to pay the charges for availing the services. In the present case, the passenger would have paid an amount of Rs. 6,243/- for travelling to Delhi- Ahmedabad- Delhi but has paid an amount of Rs. 5,750/- without even travelling or using any other services of the Airlines, Airport etc. The break up of the ticket fare as shown in the ticket was

Basic fare : Rs. 5,287  
Taxes and other charges : Rs. 956

While the basic fare was Rs. 5,287/-, the cancellation fee paid by the passenger who has not neither travelled nor utilised any iota of services is Rs. 5,750/-. Had he travelled and utilised the services of Airlines and Airport, he would have paid Rs. 5,287/- but by not travelling, he has paid Rs. 5,750/- . The cancellation fee in the present case comes to 109% of the airline fare and 92% of the total ticket cost. It seems to be highly illogical and could be even termed as unprofessional/ unfair business practices. There is an urgent need for its rationalisation.

As per CAR SECTION 3 – AIR TRANSPORT SERIES ‘M’, PART II ISSUE I, DATED 22 May, 2008 ,

***“ (d) Airlines shall necessarily return the PSF collected by them from the passengers on non-utilization/ cancellation of tickets.***

***(e) Airlines shall refund any charges such as congestion charge, fuel surcharge etc., along with the refund of the ticket, unless these are clubbed with basic fares.”***

Same CAR effective 1<sup>st</sup> August 2016 also states:

***“The airlines shall refund all statutory taxes and User Development Fee (UDF)/Airport Development Fee (ADF)/Passenger Service Fee (PSF) to the passengers in case of cancellation/non-utilisation of tickets/no show. This provision shall also be applicable for all types of fares offered including promos/special fares and where the basic fare is non-refundable.”***

It further states that ***“Under no circumstances, the airline shall levy cancellation charge more than the basic fare plus fuel surcharge. i) The airlines shall not levy any additional charge to process the refund.”***

Even for the time being keeping aside the ethics of professional business practices, in the instant case, the Airline should have refunded at least an amount of Rs. 956/- instead of Rs. 493/-.

The intended passenger had posted the issue on a Local Circle Community to seek the public reaction and looking at the comments of the public being the perspective consumers of Airlines, the situation seems to be indicative of unprofessionalism prevailing in the Airlines sector. The Airlines have now even started charging an additional amount as preferential seat allocation fee. The preferential seat allocation charges being charged by the Airlines put inconvenience to two or more passengers travelling together or may be wife and husband or the senior citizens travelling with their younger ones as when checked in without paying any preferential seat allocation fee shall be are seated in the different middle rows of the seats thus making them feel uncomfortable throughout the entire journey specially when the ladies are carrying their minor children with them. Having fare been charged from the passengers, the charging of fee for preferential seat become of unethical business practices. Further it has also been reported by one of the person that the fare between Delhi- Chandigarh by Jet Airways was less than the cancellation fee. The ticket cost has been indicated as Rs. 2,403/- and the cancellation fee as Rs. 3,900/-. Most of the comments from the intellectual members on the Local Circle Community have opined for immediate intervention of DGCA, the Regulatory Authority for Airlines Sector to rationalise the amount of fee towards cancellation/ rescheduling fee and removal of preferential seat allocation fee. However, there is also a need to simplify the nomenclature being used by Airlines in charging the fee under different heads as different airlines are using different nomenclature.

In view of the foregoing, Department of Consumer Affairs is requested to seek the intervention of DGCA appropriately in rationalising the

1. Cancellation fee/ ticket rescheduling charges. The cancellation fee or rescheduling charges need to be charged either as %age of the ticket basic fare or a nominal fixed amount not more than the basic fare. In our considered opinion, the same could be restricted to 10% of the basic fare if it is cancelled / rescheduled more than 48 hrs before the scheduled departure and not to exceed 50% if cancelled within 48 hrs to 8 hrs before the scheduled departure. In case the passenger cancels the ticket less than 8 hrs prior to the scheduled departure, the cancellation fee may not exceed the basic fare with refund of all other charges other than basic fare. Similarly in our considered opinion, the rescheduling charges may be capped at Rs. 500/- per ticket.
2. Removal of preferential seat allocation fee.

**Your Flight Tickets for DEL-AMD**

EaseMyTrip <care@easemytrip.com>  
 To: skvirmani@gmail.com  
 Cc: care@easemytrip.com

Fri, Feb 2, 2018 at 1:05 PM



Booking Confirmed

Booking Date: Fri, 02 Feb 2018 | Booking Time: 12:58

Hi,

Your flight ticket for Delhi-Ahmedabad-Delhi is confirm. Your ticket is attached along with the email.

Your Booking ID is EMT38314206 . Please use it for any further communication with us.

	Air India AI-10	<b>Delhi 18:20</b> Sun-25Feb2018	01h 30m	<b>Ahmedabad 19:50</b> Sun-25Feb2018
	Air India AI -11	<b>Ahmedabad 20:40</b> Wed-28Feb2018	01h 20m	<b>Delhi 22:00</b> Wed-28Feb2018

**Passengers - 1 Adults**

Passenger	Airline	Status	Sector	AirLine PNR	Ticket Number
Mrs. Bhag Virmani	AI	Confirm	DEL-AMD	YLKNB	0985314473898/1/1
Mrs. Bhag Virmani	AI	Confirm	AMD-DEL	YLK PQ	0985314473905/1/2

**Flight Inclusion**

Passenger	Sector	Airline	Flight Insurance Status	Baggage		Meal Type
				Check in	Cabin	
Mrs Bhag Virmani	DEL-AMD	AI	Not Confirmed	25KG	7Kgs	Not Confirmed
Mrs Bhag Virmani	AMD-DEL	AI	Not Confirmed	25KG	7Kgs	Not Confirmed

**Fare Details**

**Amount (INR)**

Total Basic Fare :	Rs. 5287.00
Other Charges :	Rs. 956.00
Discount :	Rs. (-) 0.00
Insurance Fee :	Rs. 0.00
Addon Meal Amount :	Rs. 0.00
Addon Bagg. Amount :	Rs. 0.00
<b>Total</b>	<b>Rs. 6243.00</b>

**Cancel Flight** Booking ID : EMT38314206  
Booking Date : 2018-02-02T12:58:35

- 1 Select Passenger
- 2 Refund Amount
- 3 Confirmation

**Refund amount on cancellation**

Traveller	Travel Details	You Paid	Cancelltaion Fee	EaseMyTrip Service Fee	Refund Amount
Mrs Bhag Virmani	DEL → AMD Air India AI- 10	2992	Rs.2625	Rs.250	Rs.117
Mrs Bhag Virmani	AMD → DEL Air India AI- 11	3251	Rs.2625	Rs.250	Rs.376
Total Refund					Rs. 493

[Cancel Now](#)