

AN OVERVIEW OF INDIAN AVIATION SECTOR

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Abstract:

Airports play a life-threatening role in promoting trade and commerce, tourism and economic development of every country. During the last two decades, an upward trend in international tourism and globalization significantly increased traffic rates in the aviation sector. Airports may now face competition from other airports or other modes of transport. Numerous studies have clearly confirmed that the satisfaction and perception of passengers in airways and for measuring airport efficiency and productivity. This study mainly concentrates the overview of Indian aviation sector in India.

Keywords: *airport, aviation, safety*

Introduction

The civil aviation industry in India has emerged as one of the fastest growing industries in the country during the last five years. India has become the third largest domestic aviation market in the world and is expected to overtake UK to become the third largest air passenger market by 2024.

Airport Classification

Airports Authority of India (AAI) manages a total of 125 Airports, which includes 11 International Airports, 81 Domestic Airports, 08 customs Airports and 25 Civil Enclaves at Defense Airfields in the year 2020

Airports are classified in the following manner:

- International Airports: - These are international airports are available for scheduled international operations by Indian and foreign carriers.
- Domestic Airports:
Customs Airports with limited international operations: These have customs and immigration facilities for limited international operations by national Carriers and for foreign tourist and cargo charter flights.

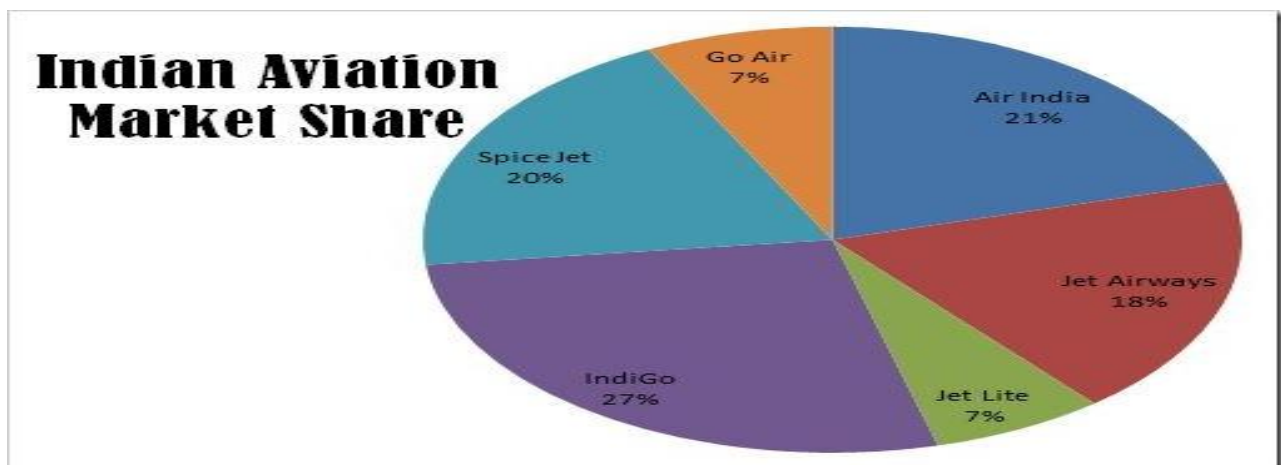
Airports Authority of India

The Airports Authority of India or AAI is a statutory body which is created by the

Airports Authority of India Act, 1994 and it was working under the Ministry of Civil Aviation. Government of India is responsible for creating, upgrading, maintaining and managing civil aviation infrastructure in India. It provides Communication Navigation Surveillance / Air Traffic Management (CNS/ATM) services over Indian airspace and adjoining oceanic areas. With the mission to be the foundation of an enduring Indian aviation network, providing high quality, safe and customer oriented airport & air navigation services, AAI is currently managing all international and domestic airports.

Market Size

The passenger traffic stood at 341.05 million in FY20, a compound annual growth rate (CAGR) of 11.13 per cent during FY16-FY20. Domestic passenger traffic stood at a rate of 274.50 million in FY20, growing at a CAGR of 12.91 per cent over FY16. International passenger traffic stood at 66.54 million, growing at a CAGR of 5.01 per cent during FY16-FY20. Not only passengers but Freight traffic grew at a CAGR of 5.32 per cent during FY16-FY20 from 2.70 million tonnes (MT) to 3.33 MT. Freight Traffic is expected to grow at a CAGR of 7.27 per cent to reach 4.14 MT in FY23.



Government Initiatives

Some major initiatives undertaken by the Government of India.

- In April 2020, the Government introduced 'Lifeline Udan' flights to transport essential medical cargo to remote parts of the country to support India's war against COVID-19. Under this scheme, 465 flights were operated by Air India, Alliance Air, IAF and private carriers as of May 05, 2020.

- Under Union Budget 2020-21, Government introduced Krishi Udan scheme on both domestic and international routes to help farmers in transporting agricultural products and improve the product value.
- As per Union Budget 2019-20, the Government will promote aircraft financing and leasing activities to make India's aviation market self-reliant.
- In February 2019, the Government of India sanctioned the development of a new Greenfield airport in Hirasar, Gujarat, with an estimated investment of Rs 1,405 crore (US\$ 194.73 million).
- As of January 2019, the Government of India has been working on a blueprint to promote domestic manufacturing of aircrafts and aircraft financing within the country.
- In January 2019, Government organized the Global Aviation Summit in Mumbai, which witnessed participation of over 1,200 delegates from 83 countries.
- In January 2019, Government of India released its National Air Cargo Policy Outline 2019, which envisaged making Indian air cargo and logistics the most efficient, seamless and cost and time effective globally by the end of next decade.
- Regional Connectivity Scheme (RCS) has been launched.

Achievements of Indian aviation industry

Following are achievements of the Government:

- Under RCS-Udan scheme, approximately 34,75,000 passengers were travelled and 335 routes were awarded during 2019, covering 33 airports which include 20 unserved, 3 underserved, 10 water aerodromes.
- As on October 2019, 55 AAI airports were declared as Single-Use Plastic Free Airport Terminals.
- India was expected to have the largest number of aircraft flying by its scheduled airlines latest by December 2019.

Challenges facing The Airline Industry

Challenges facing airline industry are familiar and persistent. Below are the challenges and issues faced by the Indian aviation sector.

- Competitiveness. Any change in the GDP is often reflected in airline usage and the fuel costs almost 50% more in just 5 years.
- The Fuel Factor. Fuel price remains to be the biggest concern faced by the airline industry in the modern world.
- Overcapacity and Labor Unrest.
- The Emergence of Low-Cost Carriers.

- Digital Transformation and ‘Big Data’
- Navigating the travel tech landscape
- Conversational commerce goes mainstream
- Technology as a driver of ‘simplicity as a strategy’
- Airlines should be taking a much bigger share of the travel ecosystem.

The Future of Aviation

The aviation industry is a massive global economic contributor, supporting millions of jobs and transporting billions of passengers. Despite ongoing challenges the airlines face operationally, the future of aviation will see the industry continue to adapt and to find innovative solutions in the areas of technology, environment and safety.

- Servicing Niche Markets
- Fuel Efficiency and Environmental Protection
- Steady Job Growth
- Implementing Passenger Biometrics
- Connectivity
- Aviation Safety and Smart Maintenance
- Aviation Standards and Testing

Conclusion

After our above analysis, we have determined that the airline industry is a very attractive industry to enter into. The current ratio between airlines and the people willing to travel is very balanced so it would be profitable for a new company to enter into the market.

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