

Defining Moments & Surrounding Dilemma of India's Aviation Sector: A Case study

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Abstract-- Commutation for people has been always a matter of discussion in world societies. The various means of commutation includes the Aviation source. India's aviation sector has transformed drastically over the years connecting millions of people & boosting tourism. India stands 5th largest in the aviation market in the world serving around 241 million passengers in 2024. The industry includes both scheduled services like domestic & international airlines & non-scheduled services such as charter operators & cargo carriers. This case highlights the details on Indian aviation sector while contributing to the existing literature on Aviation sector. The Case creators have focused on understanding the opportunities & challenges of Aviation sector and indentifying the dilemma. Teaching Notes at the end details the case proceedings in terms of objectives, level of analysis, broad questions associated with the case and the case beneficiaries.

Keywords-- Aviation, India's Aviation Sector, Global Aviation, Dilemma in Aviation sector

I. ABOUT THE INDUSTRY: AVIATION SECTOR IN INDIA

The Indian aviation sector is one of the pacing sectors in the world now having peaked to become world's 5th largest aviation market with 241 million passengers in 2024, having found a prominent placing alongside The United States, China, The United Kingdom & Spain. The sector covers scheduled & non-scheduled air transport services, wherein the scheduled air transport comprises of domestic & international airlines & the non-scheduled air transport service consist of charter operators & air taxi operators, air cargo service (air transportation of cargo & mail).

The top 10 airlines operating in India (including international airlines) collectively accounted for 91.5% of the total international & domestic seat capacity in 2024, wherein India is expected to overtake China & The United States as the world's third largest air passenger market in the next ten years by (2030) Prior to the pandemic, the aviation market experienced a sustained period of significant growth where a total of 102 airlines operated regularly scheduled commercial flights within India in 2019 & over the period of 2014-2019 the number of airlines increased at a compound rate of almost 5% per year.

With nearly 170 million scheduled seats in 2024 LCC's (low-cost carriers) positioned more than 71% of the market from 51% in 2014 primarily resulting on account of robust domestic market. In terms of Airline market of India, IndiGo dominates Indian air transport of scheduled seat capacity with a market share of up to 53.4%, Air India & its subsidiary Air India Express ranked second & third respectively, Vistara having positioned itself as fourth having merged into Air India as of November 2024. Accordingly, the air transport continues to play a vital role in growing India's economic development bringing families together, opportunities to understand different cultures as well as supporting business & investment decisions, access to capital & new markets.

II. SUCCESS STORIES OF AVIATION SECTOR

With India's aviation sector experiencing a rapid rise, today India is among the top players in the global civil aviation ecosystem. In the course of one decade India has achieved a significant milestone of becoming world's 5th biggest aviation market positioning it alongside with the big competent countries. This journey is attributed to the rise of low-cost carriers (LCC's), Mumbai-Delhi- A key domestic aviation corridor, UDAN Scheme, FDI.

Wherein, the surge in low-cost carriers (LCC's) while historically full-service carriers dominated the Indian aviation sector resulting in expensive tickets which became a luxury for general public to afford, as with the changing landscape the rise of LCC's came into force establishing itself as one of the fastest growing segments in the aviation industry where, 71% of the market is dominated by LCC's as against 51% in 2014, one such example of LCC's is the surge in Indigo in the Asian region.

III. FAILURES & PITFALLS: AVIATION SECTOR

Even though India having positioned itself in the aviation market there remains certain pitfalls, specifically the bankrupt debt, supply chain engine failures, infrastructure, safety oversights become major concerns for failures.



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Collapse of Full-service carriers (Kingfisher Airlines, Jet Airways & Air Deccan)

- Kingfisher Airlines founded by Vijay Mallya was once a big name in the aviation industry of India, however it happened to cease its operations in 2012 having gone financially insolvent after acquiring Air Deccan. The airlines downfall was linked with excessive debt, high operational costs & mismanagement
- Jet Airways was another major player in the Indian aviation market, having suspended its operations in 2019 due to financial distress wherein, the airline struggled with mounting debt, high lease costs, failed acquisitions that of Air Sahara, fierce competition ultimately leading to its bankruptcy

Supply chain & engine failures

- The Indian aviation continues to face serious number of disruptions in its supply chain & engine issues, this has significantly impacted its operational capacity amounting to higher costs & leading to operational delays. One such example goes with Go Airlines (India) limited having been among the worst-hit grounding nearly half of its fleet in FY2024 due to faulty engines accordingly the airline was finally ordered to be liquidated in January 2025 by The National Company Law Tribunal (NCLT)
- Approximately, 133 aircraft belongings of select Indian airlines were grounded in March 2025 which accounts for nearly 16 per cent of the total fleet

Poor Management & Governance issues

- Mismanagement, lack of long-term vision & governance failures have troubled several airlines. Kingfisher airlines downfall is one the classic example of a case of overexpansion without financial discipline
- Similarly, Air India's history under government ownership reflected inefficiency, overstaffing & political interference in operations & procurement

Exhibit-1: Story of Air India

Air India started its journey back in 1932 founded by the entrepreneur JRD Tata under Tata Air Services. The Tata Air Services started out as transporting mail but then quickly grew into expanding passenger operations & opening new routes.

In 1938, it was renamed as Tata Airlines expanding internationally first time to Colombo, Sri Lanka to its route network also adding to its grown profits giving the airlines ongoing success. Post independence the government took 49% stake in the carrier renaming it as "Air India", wherein the airline operated its first long-haul flight from Mumbai to London Heathrow in 1948. After undergoing nationalization Air India continued its modernization acquiring the latest & first aircraft "Boeing" 707 in 1960 & a decade later Boeing 747 accordingly, the carrier continued to grow its route network as well. Air India by then was known as "The Maharaja" for its service & connectivity. Throughout the period of 1980's & 1990's Air India remained successful internationally adding more cities to its network & maintaining a modern fleet. But this success afterwards saw challenges in its journey with government trying to privatize Air India even though the attempts failed, it then faced increased competition from other emerging airlines with low-cost carrier IndiGo. Air India during the period of 2000s generating losses. With this ongoing financial difficulties Air India was put on to sale by the government with the tender process involving Tata Group & SpiceJet in January 2022 Air India was officially handed over to the Tata Group. Air India over the years have faced Fatal & Non- Fatal accidents the most recent being June 2025, the Boeing 787 crashing shortly after takeoff from Ahmedabad to London flight making a tragic moment in airlines history, despite Tata's efforts the airline continues to deal with safety scrutiny, operational issues & workforce unrest as it strives to rebuild its reputation.

IV. CHALLENGES & OPPORTUNITIES: AVIATION SECTOR

The Challenges facing Indian aviation sector includes areas of human factor gaps, infrastructure, maintenance lapse, market concentration

- The rapid growth in the aviation sector has added shortage of human factor gaps that is, the skilled professionals especially pilots, aircraft maintenance engineers & Air Traffic Controllers. This shortage on account has led to increased duty hours, frequent tail swaps-reassignment of aircraft due to operational necessities, pilot fatigue, according to Aon 2025 APAC skills report India's aviation sector expansion has surpassed availability of qualified professionals creating a large amount of workforce gaps

- The pressure to maintain high flight frequencies has resulted in overstretched maintenance operations with older aircrafts being kept longer than its optimal timeline there's also improper maintenance of safety equipment, unserviceable systems & many infrastructural uncertainties at regional airports
- India's top airports face congestion (Delhi, Mumbai, Bengaluru) with limited slots & runway capacity issues. Secondary airport lack modern facilities, hampering regional connectivity despite schemes like UDAN
- To capture market share airlines often get into cut-throat competition & price wars leading to wafer-thin margins. The emergence of low-cost airlines in India at the turn of century signified the end of domination of full-service carriers making the way for young airlines with modern fleets, simplified structure making travel more affordable

The opportunities add a holistic approach with tapping into infrastructure, enhancing human resources & proactive safety culture

Rising air travel demand

- The Indian aviation sector continues to show strong growth with domestic air passenger traffic. There was a 6.3% increase from 130.3 lakh as of September 2024. In addition to strong domestic air traffic, international passenger traffic for Indian carriers also saw impressive growth

Opportunities in India's MRO sector

- The country's aviation sector is growing rapidly with a significant increase in passenger number showing strong confidence in the market's future. To help the MRO sector grow the government has introduced several key measures, including allowing 100% FDI, reducing GST on MRO services from 18% to 5% & streamlining customs processes

Opportunities for carriers

- With aviation sector booming with rapid growth & heavy investments creating vast opportunities for carriers. This growth allows airlines to expand operations, add new routes & invest in modern fuel-efficient aircraft.

- The government plans to operationalize 12 new airports under the UDAN scheme this year with an expenditure of Rs. 4,073 crore (US\$486 million) incurred for airport development as of June 30, 2024
- Air India has established a codeshare partnership with Kenya Airways enabling passengers to book combined journeys on a single ticket. This collaboration involves placing Air India's AI code on Kenya Airways Nairobi-Mumbai flights & vice versa. This partnership aims to enhance travel options for passengers & strengthen Air India's global presence

Exhibit-2: Story of Indigo Airlines

IndiGo Airlines founded in 2006 by Rahul Bhatia & Rakesh Gangwal has emerged as India's largest & most successful airline focusing on cost-efficiency & operational excellence, IndiGo has overcome initial challenges & has consistently grown. The airlines founders coming from various professional backgrounds Rahul Bhatia's Inter-Globe Enterprises provided with good understanding of the Indian market & Rakesh Gangwal formerly working for United Airlines came with extensive aviation knowledge together pooled their abilities to become what is now India's largest & most successful airline carrier. The duo launched IndiGo at a time for many Indians' flying came with as a luxury. IndiGo began with a strategic start focusing on a rigorous business model that focused on cost-efficiency which is a trademark of low-cost carriers around the world. The airline flew only one kind of aircraft "The Airbus A320" allowing it to save maintenance & training costs, this approach helped IndiGo gain a larger part of the domestic market in just few years & by 2010 IndiGo established itself as a market leader with its punctuality, customer service & commitment to low-cost strategy.

Later period of IndiGo saw differing visions of the founding leaders where, Bhatia backed focusing on maintaining IndiGo's leading position in the domestic market, while on the other side Gangwal aimed for aggressive expansion for increasing its fleet & capacity. Following a public dispute Gangwal resigned from the board & reduced his stake in the company. Despite the leadership instability IndiGo grew from strength in 2023, the airline became the first Indian carrier to conduct over 2,000 flights per day.



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Today IndiGo is among the top three low-cost carriers in the 2025 Skytrax World's Airline Awards, also named as the 2024 Airline of the year CAPA- Centre of Aviation, First Indian airline to welcome 100 million passengers a year

V. DILEMMA ASSOCIATED

1. *A better Alternative for Travel Vs. Safety Concerns:* Air travel offers speed & convenience but the technical glitches & maintenance issues raise safety worries making balance crucial.
2. *Travel Alternative Vs Affordability factor:* Continuous effort by aviation players towards Low-cost avenues makes flying accessible yet rising fuel prices & operational costs challenge affordability & profitability.
3. *Indian Standards Vs Global Aviation Standards:* India's aviation market is growing fast but infrastructure, safety protocols & regulatory benchmarks still lag behind global standards.
4. *Work Force Competence Vs. Performance Standards:* Shortages of skilled pilots & trained staff create pressure to maintain on-time performance & service quality leading to operational dilemmas.

VI. CONCLUSION

The Indian aviation sector stands at a critical crossroads. On one hand, it is one of the fastest-growing aviation markets in the world, offering unmatched connectivity, economic opportunities & rapid modernization. On the other hand, it continues to face deep-rooted challenges in safety oversight, cost management, infrastructure development, global benchmarking, & workforce readiness. The dilemmas highlighted balancing safety with growth, affordability with sustainability, Indian standards with global benchmarks & workforce competence with performance expectations reflect the structural complexities of this industry. While government initiatives like UDAN, DigiYatra, & airport modernization have set a strong foundation, gaps in execution, regulation, & long-term planning persist.

VII. TEACHING NOTES

Objectives For The Case Instructor:

- To equip readers / participants with the domain understanding of Aviation Sector in India & the strategic skills associated with such Businesses.

- To gain knowledge with respect to the dynamics of Aviation Sector while highlighting the challenges & opportunities in the Sector..
- To discuss the success stories & pitfalls of Aviation sector in India.

VIII. LEVEL OF ANALYSIS

The current case is a Teaching case with Appraisal Method. The case attracts the level of BBA, MBA Students, In general Commerce Graduates, Executive MBA candidates and largely the Service sector with special reference to Aviation sector & related business domain.

IX. BROAD QUESTIONS ON THE CASE

- Q.1: Discuss the dynamics of Aviation Sector in India & the strategic skills associated with such Businesses.
- Q.2: Explain the challenges & struggle of Aviation Sector in India. Cite Competitive landscape.
- Q.3: Discuss the success stories & pitfalls of Aviation sector in India.

X. POTENTIAL SOLUTION: (RESPONSES TO THE DILEMMA)

- Invest in advanced maintenance
- Encourage low-cost airports in smaller cities
- Investing in world-class airport infrastructure
- Adapting to global best practices
- Strengthen public-private partnership under UDAN scheme
- Expand more aviation academics & real –time crisis training
- Push for green aviation initiatives to match with global standards
- Push for predictive maintenance

XI. CASE BENEFICIARIES

- The representatives of the respective Industry shall benefit from the case study.
- The UG & PG Students with special reference to Commerce & Management have strong potential of learning from the case.
- The start- ups in the relevant industry with respect to ancillary business profile will have good reference of the case.



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