

A Comparative Study on Indian Aviation Sector with Air India and Indigo Airlines Companies in India

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Abstract:- The Indian aviation sector has experienced significant growth and development in recent years, characterized by the emergence of key players such as Air India and IndiGo Airlines. This comparative study aims to analyze and contrast the performance, operational strategies, and competitive positioning of these two prominent aviation companies within the Indian market. Air India which is now completely owned by TATA groups and Indigo airlines which is in hand of private sector.

The main objective of this research is to compare the current operation performance of two airlines with country industry performance on the base of annual reports of both the companies.

Keywords:- Available Seat Kilometer, Passenger Load factor, Aviation Industry, Operation Performance.

I. INTRODUCTION

The Indian airline industry has become one of the fastest and thrilling parts in global financial affairs. India is now a major player in the world of airplanes because more people and flights are happening. The business world has transformed a lot due to advancements in tech, creating better stuff and adjusting rules. It started in 1911 when India had its first commercial flight between two cities. These were Allahabad and Naini. The Indian Flying Club began in 1928, which was a big step to organize activities related to airplanes in India.

During the period of gaining freedom, a new group called Directorate General of Civil Aviation (DGCA) was formed in 1946 to begin work on building air travel networks and facilities for India.

➤ *About Air India*

Air India, starting from Tata Airlines in 1932 before being made national and renamed, is a big part of the history of aviation in India. This big airline has seen a path with achievements, world praise and smart changes. It shows how important it is in making the country's flying scene better. Today, it's at the edge of change after a recent takeover and with changing market views. Started as Tata Airlines by J.R.D. Tata, Air India has changed into a national airline famous for going all over the world and providing top-notch service every time you fly with them. Even though it faced operation and money problems at times, the airline's big

moves to add long trips and work with other airlines improved its place in both home country markets as well those worldwide.

➤ *About Indigo*

Indigo Airlines, started in 2006 by Rahul Bhatia and Rakesh Gangwal, quickly became a major leader in India's flying business. IndiGo is proudly seen as a leader in air travel in India. It has changed how people fly because of their new way to do business, steady performance and never-ending commitment to making customers happy.

The airline's success is because it always stays to being a low-cost type of business. This lets them keep making lots of money, sell cheap tickets and grow their share in the market greatly. IndiGo's efficiency in running its business, with fast operation times, high use of planes and a small company structure has made it successful. This shows how the low-cost airline idea works well for India's aviation industry.

➤ *Objective:*

- To compare the operation performance of Air India and Indigo Airlines with Indian aviation industry

II. REVIEW OF LITERATURE

(Makwan, 2020) This paper investigates a significant issue in the Indian aviation sector by analyzing the financial performance and operational strategies of two major carriers. The investigation concentrates much on the analysis of the annual reports by Jet Airways and IndiGo finally to get an understanding into their and operational efficiency.

Secondly, the study cites other relevant works including V. Thenmozhi's analysis of Indian Airlines and Air India to give a backgrounder on financial performance that has been used as benchmark for current research. In such a way, the relation between previous research and this current study adds depth to an overall literature review while providing solid academic rationale for current analysis.

(K.A., 2017) Concentrates on assessing and comparing the financial results achieved by these three big Indian airlines. The author tries to help someone with information about the development of these airlines, their problems and quality services offered after regulation LPG (Liberalization Privatization and Globalization) in India when this government made its choice for freedom sky policy in order

to be able not only lead international airways but also compete successfully

III. DATA ANALYSIS & INTERPRETATION

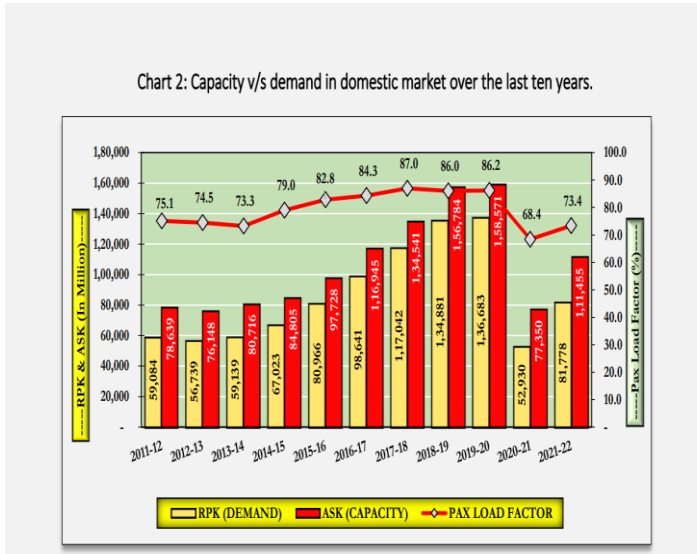


Fig 1 Industry Performance (IBEF, 2023)

In the above figure 1 of Indian aviation Industry which is taken from a report of India Brand Equity Foundation, it has been identified Two Key KPI of aviation industry and they are used to analyse.

➤ Available Seat Kilometer

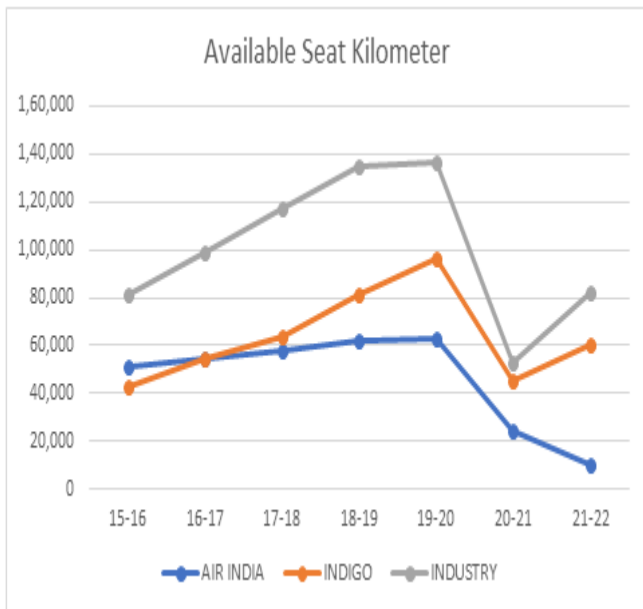


Fig 2 Available Seat Kilometer

Available Seat Kilometer(ASK) is commonly used by airlines to measure their capacity or production. It gives an indication of the total passenger capacity an airline offers over a specific period. This metric is important for airlines to analyze and manage their capacity utilization and to make decisions regarding route planning, scheduling, and overall network management. In the figure 2 its clearly shown that

both the airline was well below Industry, Indigo was placed below Air India in year 2015-16 and almost equally match with them in year 2016-17, following which it has risen significant over last couple of year more than Air India which followed a downward fall past 2019-20 year, but during the last couple of years industry average has fallen down and now correction is going to take place but with that we are able to see Indigo rising up again as in figure 4, on the other hand Air India shooting downwards as in figure 3 which shows their respective Trendline.

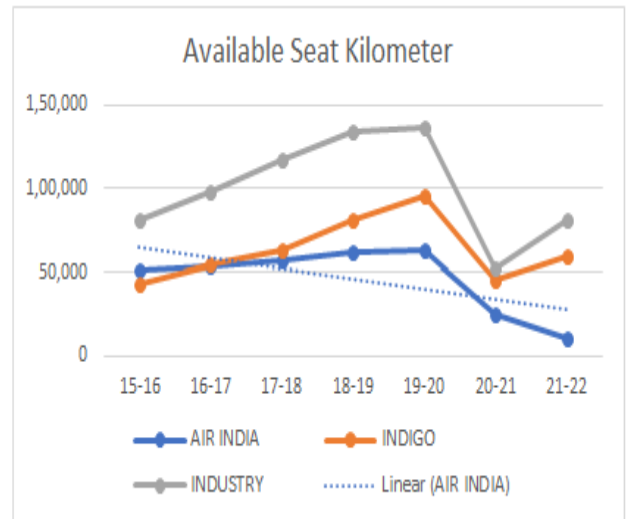


Fig 3 ASK of Air India with trendline

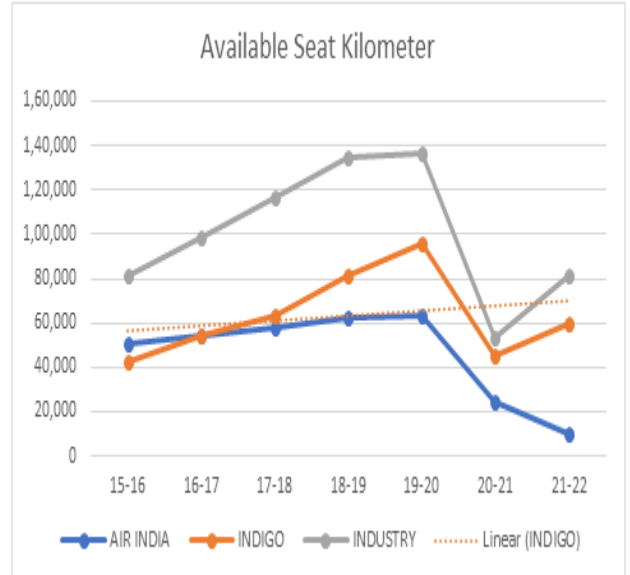


Fig 4 ASK of Indigo with trendline

➤ Passenger Load Factor

Indicator used in the aviation industry to measure the utilization of available seating capacity on a flight. It is a critical metric for airlines to monitor as it influences pricing strategies, route planning, and overall operational performance.

It is calculated by dividing the revenue passenger kilometers (RPK) by the available seat kilometers (ASK) and multiplying by 100 to express it as a percentage.

From the below Bar graph figure 5, we can interpret that both the company are close to the industry average, and among each other Indigo have a better PLF compared to Air India for the last so many years, this can be mainly cause of the one key factor Price.

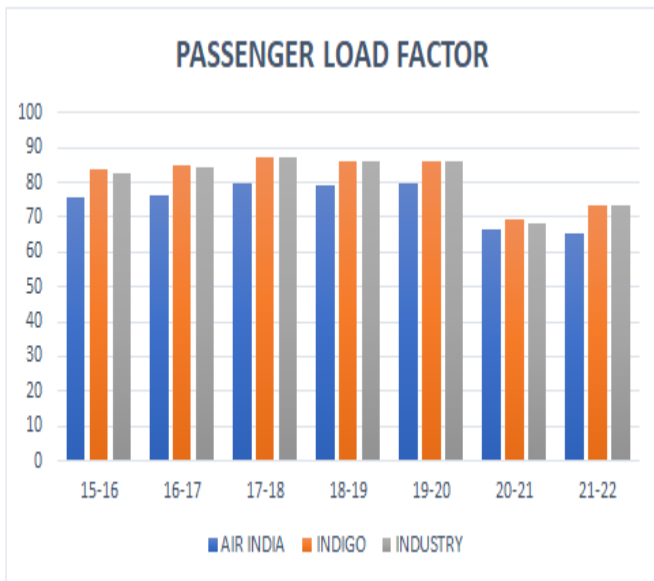


Fig 5 Passenger Load Factor

Overall, when Indian Aviation is looked upon from a bigger perspective only Indigo and Air India company are seen as they both jointly hold up 89% of market share in India, Indigo with 63.20% and Air India with 25.80%. rest up by Akasa Air and Spice Jet with minimal share in the market. As in figure 14

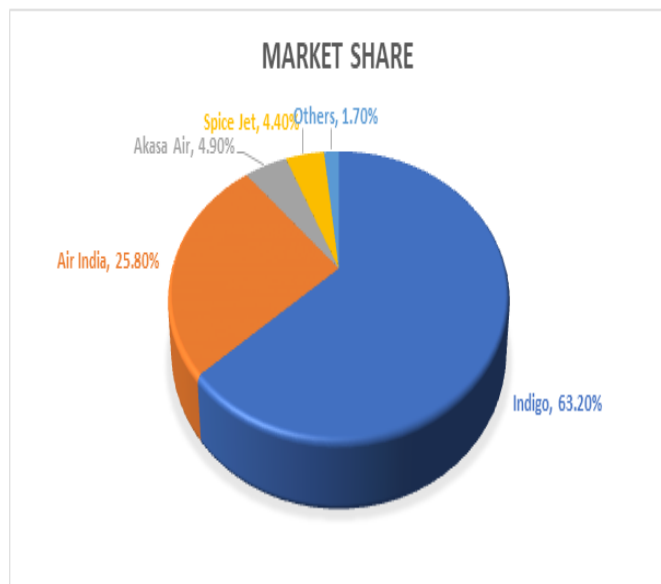


Fig 6 Market share of companies

IV. CONCLUSION

The present study, being a research paper comparing the Indian aviation sector with Air India and Indigo Airlines, throws a few critical takeaways. The first reason, the analysis puts an accent on the significance of the PLF metric

for the airlines; the PLF is an essential instrument affecting the pricing policies the route routes establishments and the general operational performance of the airlines. It highlights the fact that Indigo has been able to soar a higher PLF than Air India which is likely occasioned by pricing of its operations as compared to Air India. The study highlights the hegemony of IndiGo and Air India two LCC’s in Indian aviation market accounting for 89% of the market share as IndiGo 63.20% and Air India 25.80% respectively. This signifies a colossal market standing and their competitive positioning can be determined by taking this into consideration. The research also talks about the industrial evolution of Indian aviation industry and the unearthing of the houses such as Air India and Indigo Airlines brought leadership and development in this sector. As a whole, the study presents certain valuable conclusions concerning the dynamic of the aviation market, the operating systems performance.

The study results provide a comprehensive understanding of the operational performance of both airlines, with Indigo outperforming Air India and nearing the industry average. This performance has enabled Indigo to secure the largest market share in the sector.

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