Aviation in India

Sustaining – and growing – a dynamic air transport market

June 2025

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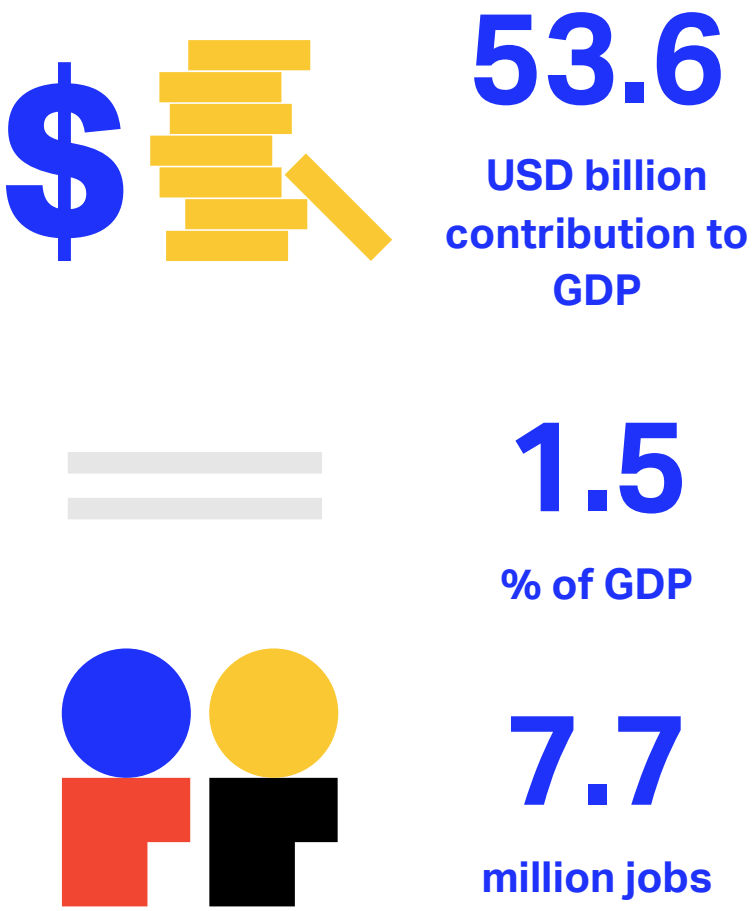
1 Introduction

India – the world's fifth largest economy[1] – is a vast and dynamic country with diverse geographic and cultural characteristics and strong economic growth potential. Air transport continues to play a vital role in celebrating this diversity and growing India's economic development. It brings families together, strengthens social bonds, and provides opportunities to experience and understand different cultures. It also supports business and investment decisions, access to capital and new markets, and knowledge transfer and innovation. Across the value chain, aviation is a significant catalyst for employment, economic activity, international trade and investment, and global connectivity. In 2023, the industry annually generated a USD 53.6 billion contribution to India's economy, underpinning 7.7 million jobs in the country (Figure 1).

Figure 1: Value of aviation in India



Source: Oxford Economics, 2024

Tourism supported by aviation adds USD 27.1 billion to GDP and employs 5.0 million people. International tourists traveling to India are estimated to contribute USD 29.4 billion annually[2] to the economy through the purchase of goods and services from local businesses. Overall, the travel and tourism sector (via all modes of travel) accounted for 6.5% of the nation's GDP and 8.9% of total employment in 2023.[3]

This report provides an overview of the growth and importance of the air transport market in India, and the mechanisms that enable this value creation. It provides quantitative and qualitative insights into recent developments in traffic, network structure, connectivity, and financial performance, along with reflections on historical trends. It concludes with a view on what is a potentially very positive future for India's air transport industry and the country more widely – although not one without its various challenges.

If these challenges can be overcome, the long-term opportunities for capturing the economic and social benefits that air transport offers the country are significant.

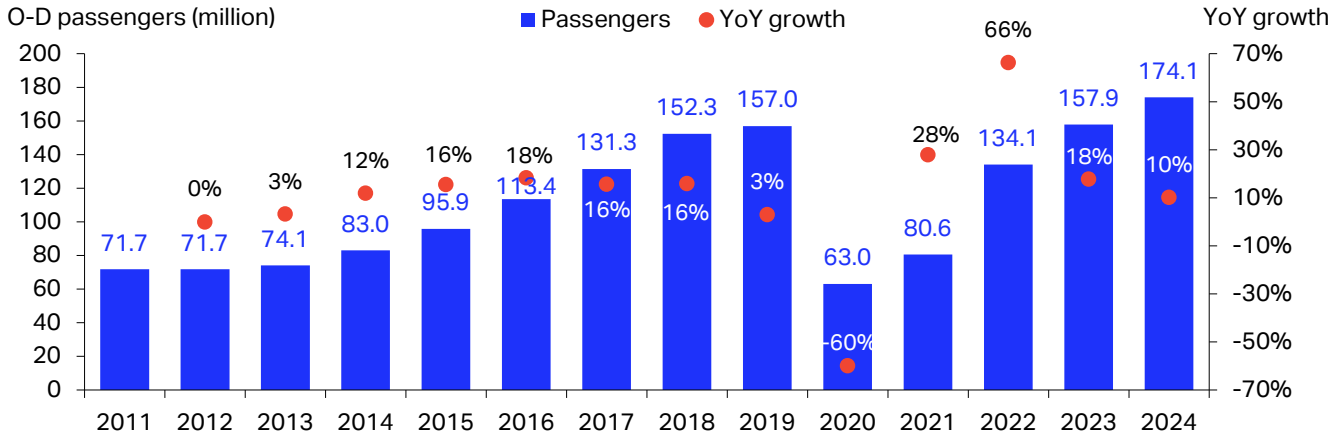
[1] In terms of GDP, current prices 2024, source: World Bank
[2] IATA, *Value of Aviation to India,* URL: https://www.iata.org/en/iata-repository/publications/economic-reports/the-value-of-air-transport-to-india/
[3] WTTC, *India 2024 FactSheet*, 2024. URL: https://researchhub.wttc.org/

2 A snapshot of the demand for air transport in India

2.1 Historic growth in passenger numbers

Between 2011 and 2019, India experienced an impressive, double-digit average annual growth rate of 10.3% in air passenger Origin-Destination (O-D)[4] departures. This performance easily outpaced that of the industry globally and for the Asia Pacific region. Following the disruption of the pandemic, in 2024, India's traffic levels exceeded their 2019 level by 10.9%, with a fourth consecutive year of double-digit growth (Chart 1).

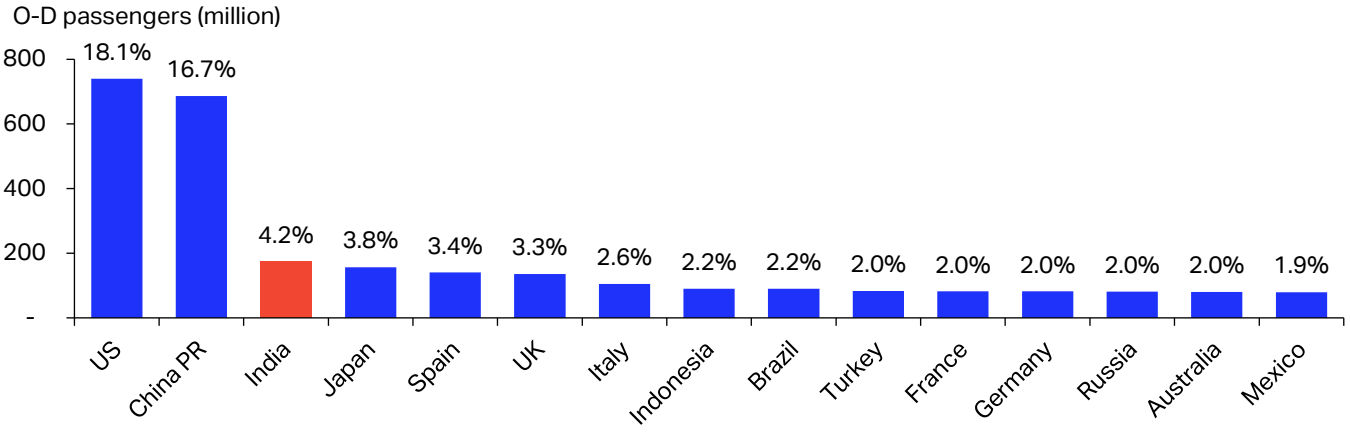
Chart 1: Total departing O-D air passenger traffic from India and % YoY growth (2011-2024)



Source: IATA Sustainability & Economics based on data from DDS

India now ranks as the third largest air transport market in the world in terms of departing O-D passenger traffic, behind the United States and China. Approximately 174 million passengers traveled from and within India by air in 2024[5], accounting for around 4.2% of the global total (Chart 2).

Chart 2: Top 15 largest markets by O-D air passenger traffic and % share of global (2024)



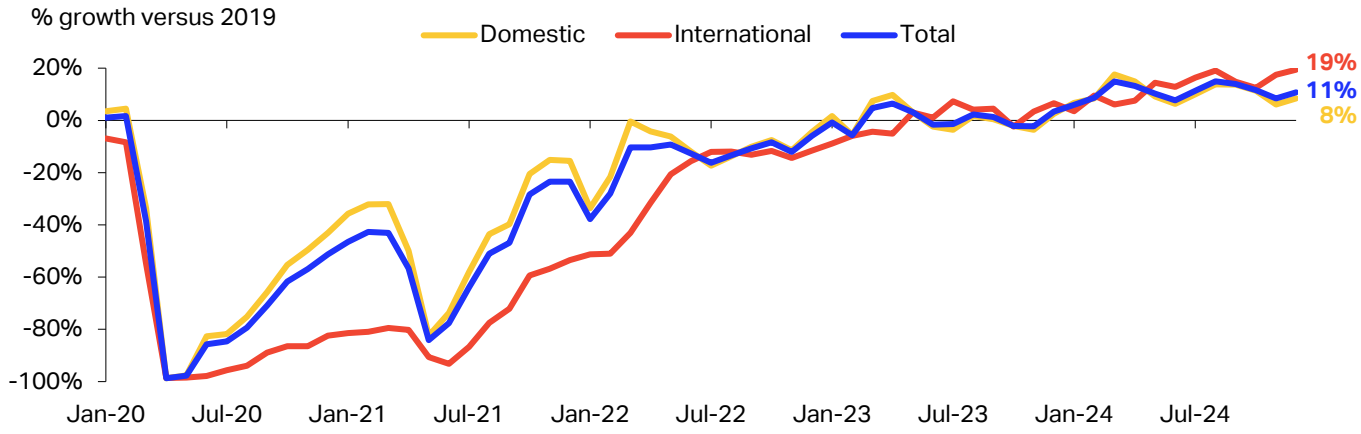
Source: IATA Sustainability & Economics based on data from DDS

The recovery from the covid-19 pandemic in India highlights the resilience of air transport in this rapidly growing and dynamic market. Unsurprisingly, domestic traffic recovered more quickly initially, but the international market segment has since closed the gap and subsequently moved ahead, following the reopening of global borders. As of December 2024, the international sector is almost 20% above its 2019 level, while domestic is more than 8%

[4] When analyzing on an O-D passenger basis, the number of overall journeys from start to finish is taken into account, not the number of individual flights (segments). For example, a trip from BOM to CCU via DEL will be counted as one O-D passenger journey, when in fact the passenger in question undertook two flights (BOM-DEL and DEL-CCU) to complete the trip.
[5] Please note that this statistic differs slightly to what is reported by the Indian Directorate General of Civil Aviation. This difference is driven by three factors: Firstly, the numbers presented in this analysis capture O-D passengers (as explained in the footnote above). The Indian DGCA reports on a segment, i.e. individual flight basis, meaning that a passenger who take a connecting flight are counted multiple times. Secondly, the statistics presented in this report capture departing passengers. The Indian DGCA sums inbound and outbound passengers. Thirdly, the numbers presented in this report reflect statistics for a calendar year, whereas the DGCA numbers are summed on a fiscal year basis.

higher (Chart 3). Such a positive recovery reaffirms the strong demand within India for both domestic and international air travel and provides a firm foundation for the period ahead.

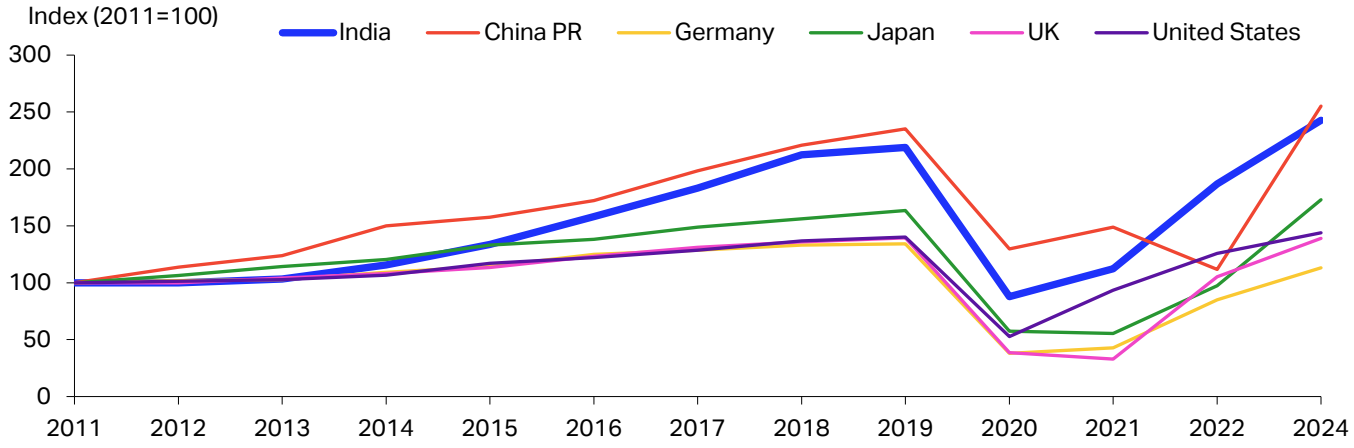
Chart 3: Recovery of departing O-D passenger traffic (Jan 2020-Dec 2024 versus the same month in 2019)



Source: IATA Sustainability & Economics based on data from DDS

India has emerged as one of the leading countries in terms of traffic growth, particularly among the larger air passenger markets. In 2024, India's passenger traffic, as measured by O-D departures, was around 2.4 times higher than it was in 2011 (Chart 4). This is a similar outcome to that of China PR, although the recovery profiles differ considerably. This significant increase over a sustained period underscores the critical role of aviation in India's economic landscape. In 2024, New Delhi airport was the 7th busiest passenger airport in the world, up from 15th in 2019 and 29th in 2011.[6]

Chart 4: Increases in air passenger demand in selected countries (2011-2024, indexed to 2011)



Source: IATA Sustainability & Economics based on data from DDS

2.2 Seat capacity

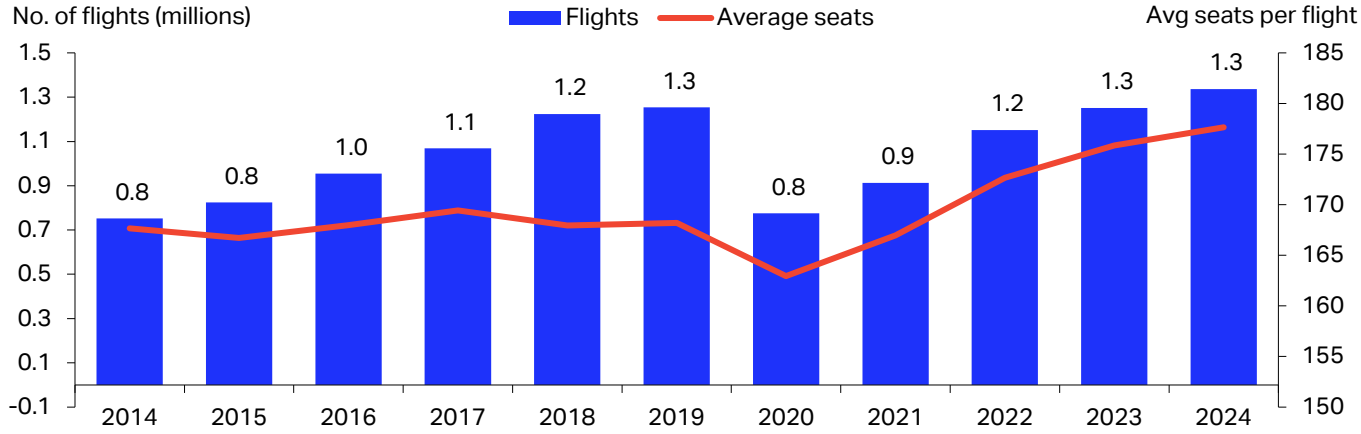
Airlines have responded to the observed demand growth by significantly increasing the frequency of both flights and seat capacity available to travelers in India over the past decade.

Over this period, the number of scheduled flights rose by a significant 77.7%, reaching approximately 1.3 million in 2024 (Chart 5), and increasing by a strong 6.9% YoY in 2024 alone. The majority of these flights cater to the domestic market, which expanded from around 613,000 flights in 2014 to almost 1.1 million in 2024. This growth is primarily driven by IndiGo, the largest domestic low-cost carrier, which accounted for around 53% of total departing flights from and within India in 2024.

[6] Data from DDS as measured by all segment passengers leaving New Delhi airport.

Scheduled seat capacity increased by 88.2% over the past ten years, to be 12.7% above its 2019 level, following a robust 7.9% YoY increase in 2024. The average seat capacity per flight is currently 178 seats, up from 168 in 2014, a 5.9% increase. This trend is driven primarily by airlines seeking to optimize their operations via up-gauging – utilizing larger aircraft to increase passenger capacity and meet the additional customer demand for air travel.

Chart 5: Number of flights from and within India and average number of seats per flight (2014-2024)



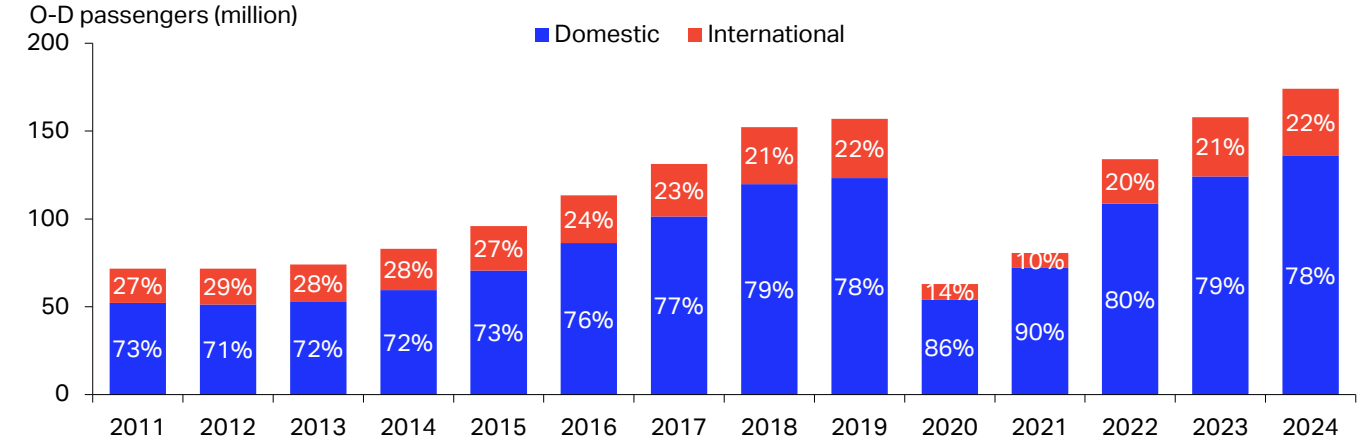
Source: IATA Sustainability & Economics based on data from OAG

3 Connectivity and network evolution

3.1 Importance of domestic travel

Over the period 2011 to 2019, domestic traffic grew at a brisk compound annual average rate of 10.9% (Chart 6). Of the 174.1 million passengers departing from an airport in India in 2024, more than 136.1 million flew domestically. Putting aside the pandemic disruption, the market share of domestic traffic has risen from around 72.9% a decade ago, to almost 78.2% currently, reflecting the substantial network expansion undertaken by domestic carriers, notably IndiGo as mentioned above. Additional insights into the evolution of India's connectivity are presented in Section 3.3.

Chart 6: Total departing O-D air passenger traffic from India, by type of travel (2011-2024)



Source: IATA Sustainability & Economics based on data from DDS

India's diverse geography and vast distances between major cities are important drivers of the domestic air travel market. For instance, the distance between Mumbai and Delhi is around 1,500 km, while Bengaluru is nearly 2,500 km from Delhi. Although India has a long-established rail network, air transport enables significant time savings, thus offering substantial economic benefits to customers. For example, a train journey between Delhi and Bengaluru takes between 33 to 45 hours, compared with around 3 hours flight time and for a competitive price (Table 1).

Table 1: Comparison of train versus air travel, selected routes in India

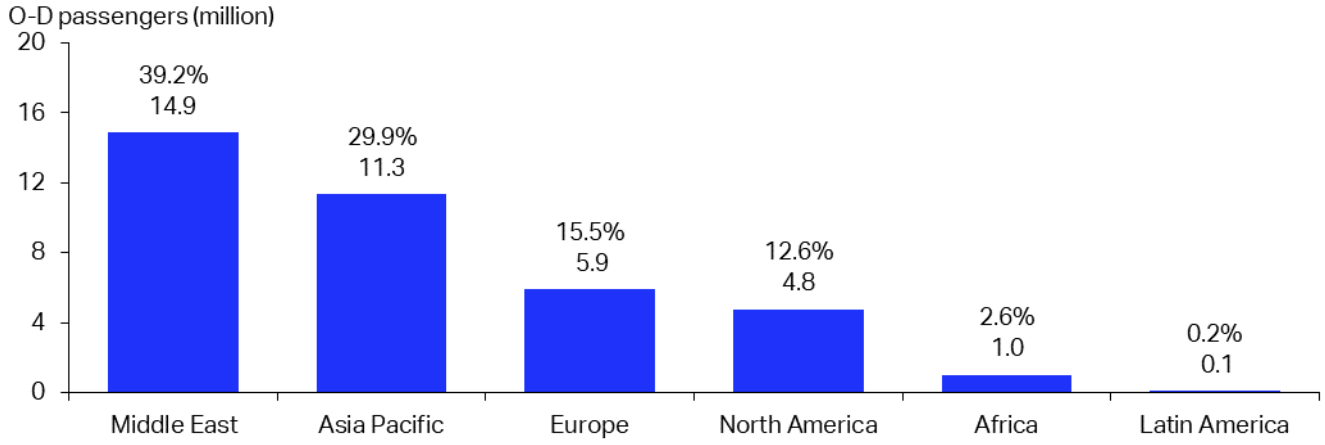
One way route	Duration by train	Train fare*	Duration by air	Flight fare**
Delhi-Bengaluru	33 – 45h	INR 5,550 = USD 65	~2h 50m	INR 7,140 = USD 85
Delhi-Chennai	29 – 37h	INR 7,150 = USD 85	~2h 50m	INR 6,550 = USD 78
Kolkata-Bengaluru	29 – 34h	INR 4,960 = USD 59	~2h 45m	INR 5,460 = USD 65
Mumbai-Kolkata	27 – 37h	INR 6,000 = USD 71	~2h 40m	INR 6,380 = USD 76
Delhi-Hyderabad	21 – 28h	INR 4,460 = USD 53	~2h 15m	INR 4,960 = USD 59
Delhi-Kolkata	17 – 26h	INR 5,210 = USD 62	~2h 10m	INR 5,880 = USD 70
Mumbai-Bengaluru	18 – 25h	INR 3,330 = USD 40	~1h 45m	INR 4,280 = USD 51
Hyderabad-Bengaluru	8 – 13h	INR 2,360 = USD 28	~1h 15m	INR 3,190 = USD 38

Source: IATA Sustainability & Economics using data from various sources (DDS, IRCTC)
*Train fare includes an example of a train fare in 1A class, the highest class of travel. **Includes average airfares for all classes of travel in 2024.

3.2 Key international markets

The Middle East is the largest destination region for international O-D passenger traffic flying from India in 2024, with a market share of 39.2% or 14.9 million passengers. Asia Pacific follows at 29.9% (11.3 million passengers), with Europe and North America accounting for around 15.5% (5.9 million) and 12.6% (4.8 million), respectively (Chart 7).

Chart 7: O-D international passenger traffic from India by destination region, total and % share (2024)



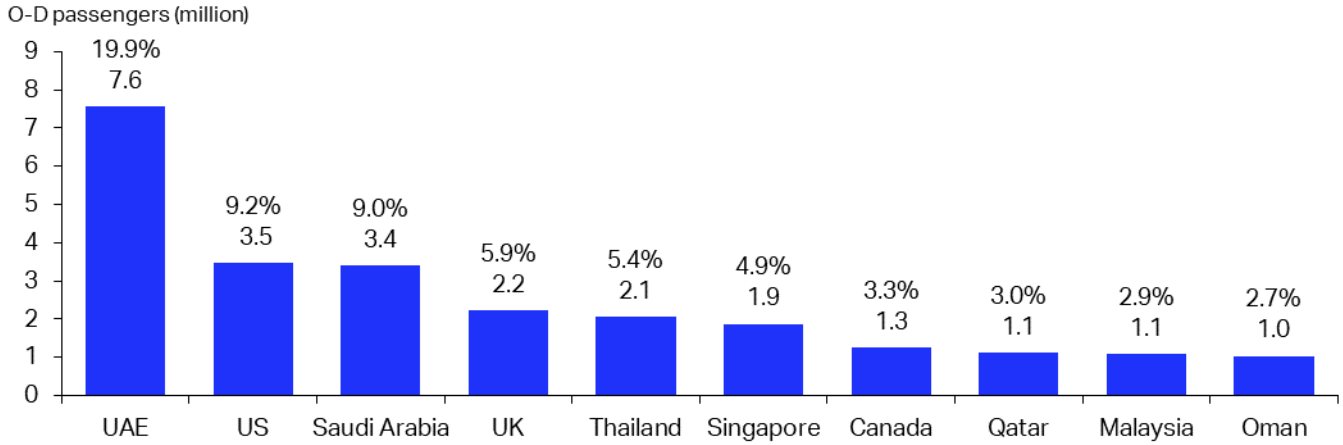
Source: IATA Sustainability & Economics based on data from DDS

At a country level, the United Arab Emirates (UAE) stands out as the largest international destination, with approximately 7.6 million arriving O-D passengers from India in 2024, accounting for 19.9% of the total (Chart 8). The UAE is followed by the United States, with around 3.5 million passengers, capturing a 9.2% share of the market, and demonstrating the economic interconnectedness between India and these two nations in particular.

Saudi Arabia follows closely as the third largest market, with nearly 3.4 million passengers, and a 9.0% market share, driven by both business and religious travel. The UK remains a sizeable market, reflecting the deep historical connections with more than 2.2 million passengers in 2024, accounting for 5.9% of the total traffic.

Collectively, the top ten country markets contribute two thirds of India's total departing international passenger traffic, showcasing their importance in the country's aviation and economic landscape.

Chart 8: Top 10 international markets by arriving O-D passengers from India, total and % share (2024)



Source: IATA Sustainability & Economics based on data from DDS

3.3 Network structure

Evolution over time

The strong growth in passenger numbers has been accompanied by an evolution in the structure of India's air transport network. As the sector's connections to the global aviation system grow, so do business, trade, and investment opportunities, providing better access to international capital markets and skilled human resources. The improved business environment promotes economic growth which encourages further increases in aviation demand and in connectivity. In turn, this creates another round of positive effects for growth in economic demand and productivity (Figure 2).

Figure 2: The virtuous cycle of air connectivity and economic growth

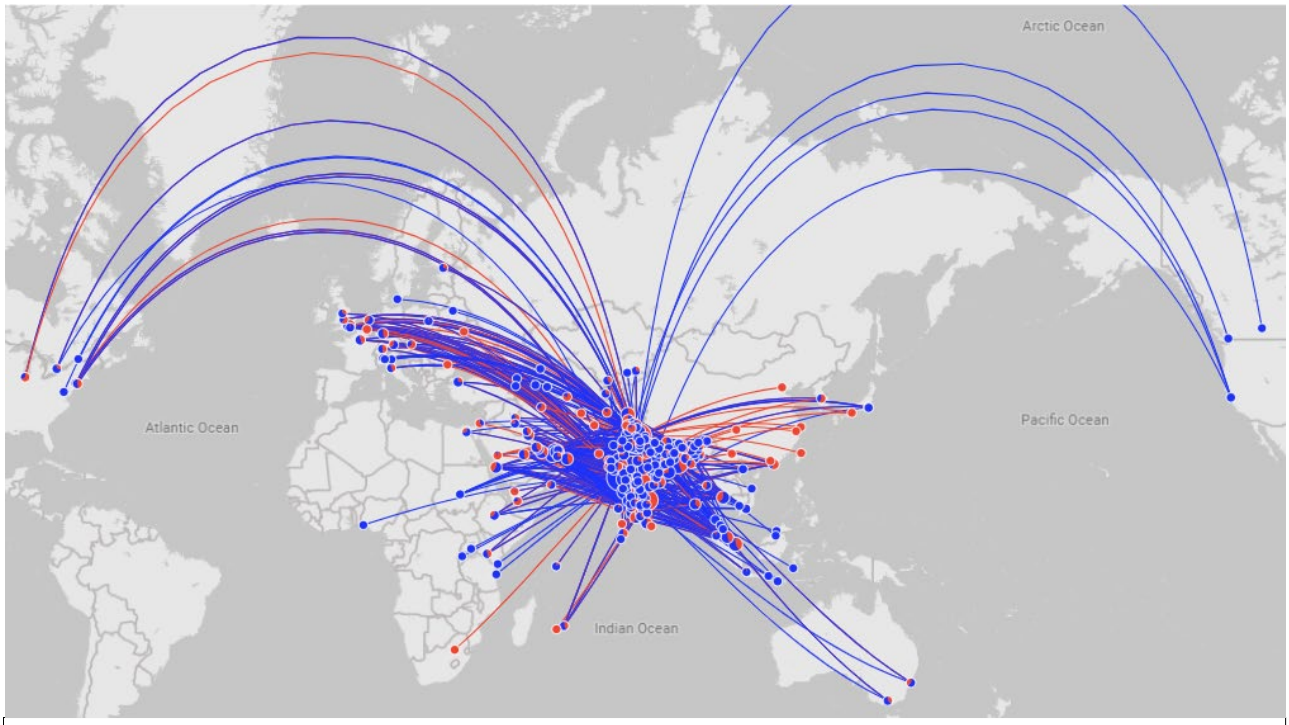
Indeed, a comparison of routes that were in operation from India in 2014 with those in 2024 (Figure 3) shows a significant increase in direct connectivity. Routes shown in red are those which were flown in 2014, but not in 2024. These are relatively few in number, with the vast majority linking India with China. Direct commercial flights between India and China have been suspended since 2020 but both nations are in discussions to explore resumption of flights in the near future.[7]

The figure also depicts a large number of blue routes, ending with a blue dot. These routes are new in the 2024 network structure, when compared to 2014. It shows that over the years a number of new long-haul connections

[7] Reuters, *India and China agree to resume air travel, settle economic differences*, 2025. URL: https://www.reuters.com/world/asia-pacific/china-india-should-commit-mutual-understanding-chinese-foreign-minister-says-2025-01-27/

were opened between India and both North America and Africa in particular. This is likely to translate into opportunities to increase economic activity, trade and tourism, and deliver related benefits to the Indian economy and its citizens.

Figure 3: Departures from India, network evolution (2014 versus 2024)

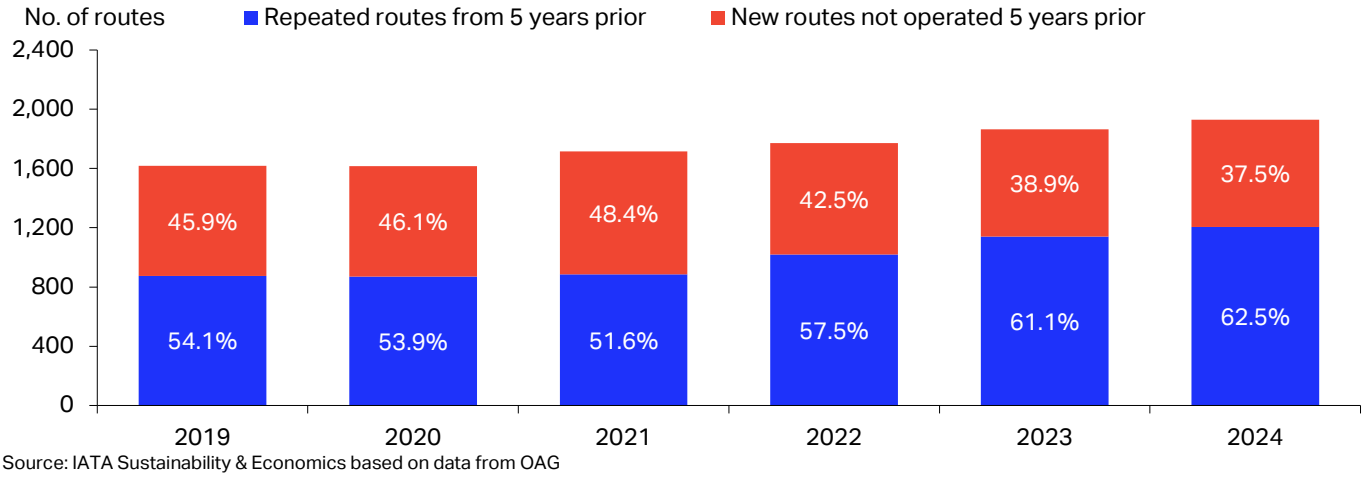


Legend: Blue routes & blue dots – routes and destinations available with a direct connection from India in 2024
Red routes & red dots – routes and destinations available with a direct connection from India in 2014
Purple routes and red/blue dots - routes and destinations available with a direct connection from India in both 2014 and 2024. Color ratio of the dot indicates the ratio in the number of arriving flights 2014 (red) and 2024 (blue)
Note: due to modelling limitation, a small number of routes is not shown.

Source: IATA Sustainability & Economics based on data from OAG

Airlines regularly monitor and review their network structures to adapt and align to shifts in consumer demand. A five-year route network comparison shows that 37.5% of all routes operated from and within India in 2024 did not exist in 2019 (Chart 9). In 2021, the share of new routes reached an observed high, accounting for 48.4% of all routes compared to 2016. These developments highlight the dynamic nature of the air transport market and underscore the airlines' agility in adapting to evolving passenger travel patterns and needs.

Chart 9: Route churn, five-year horizon (routes flown from and within India, 2019-2024)



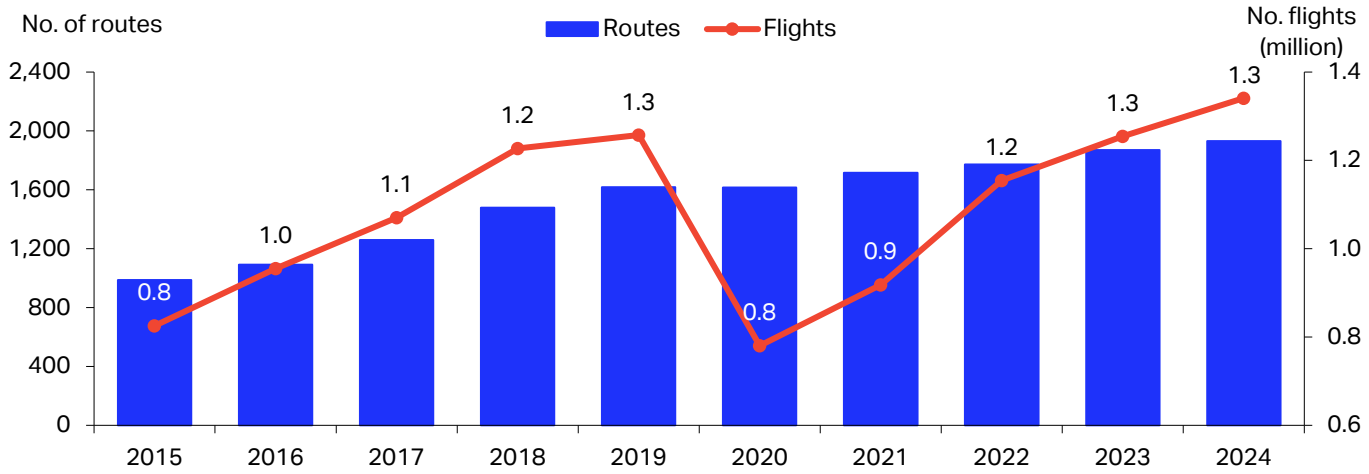
Source: IATA Sustainability & Economics based on data from OAG

A year-on-year comparison reveals a steady increase in the number of regularly flown connections from and within India. The number of routes rose from around 990 in 2015 to 1,930 in 2024, a 94.0% growth rate over the period

(Chart 10). Prior to the pandemic (2016-2019), the average annual growth rate in the number of scheduled routes was a robust 13.2%.

As noted above, the pandemic and subsequent lockdowns and travel restrictions led to a substantial contraction in the aviation industry. In 2020, although the number of scheduled routes remained broadly similar to 2019, the frequency of flights for airlines operating from India was significantly curtailed, delivering a related decline in passenger numbers. The total number of flights declined from 1.26 million in 2019 to around 780 thousand in 2020. By 2024, however, the number of scheduled routes had moved well beyond its pre-pandemic level, up 6.3% compared with the 2019 level.

Chart 10: Number of routes and flights from India (2015-2024)



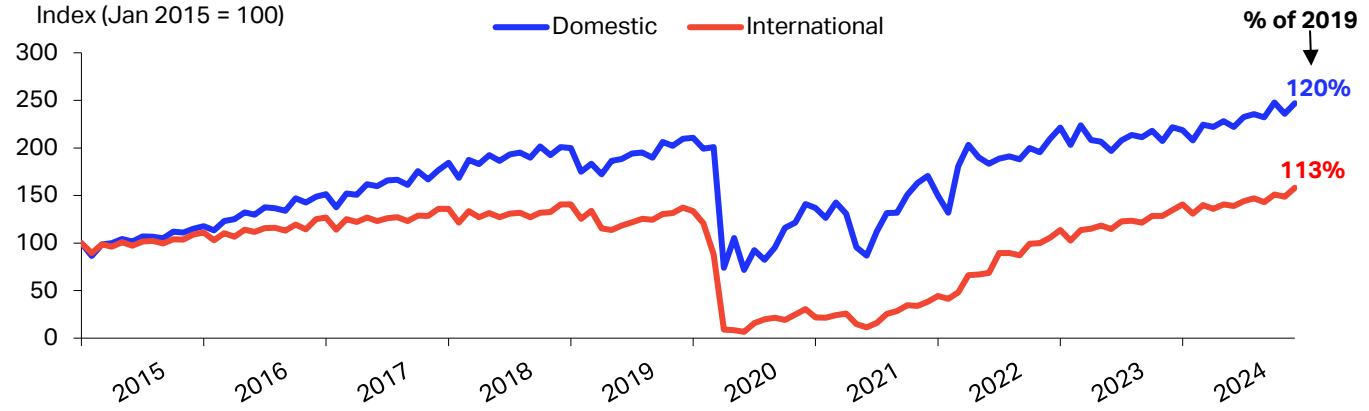
Source: IATA Sustainability & Economics based on data from OAG

Air connectivity development

The network evolution, addition of new routes, and expansion to additional countries are reflected in India's air connectivity indicators, which also account for the relative importance of directly connected destinations and the volume of seats on those routes.[8]

Noting the greater market share of domestic flights, the connectivity measures confirm the more rapid development in domestic markets than international, both pre- and post-covid. In terms of connectivity, the Indian market has now fully recovered from the 2020 disruption, with the international and domestic air transport connectivity surpassing pre-covid levels by 13.2% and 19.6% in 2024, respectively (Chart 11). This enhanced air connectivity plays a crucial role in bolstering India's economic welfare by facilitating trade, tourism, and investment, thereby contributing to overall economic growth and development.

Chart 11: IATA Air Transport Connectivity Index of India (2015-2024 indexed to Jan 2015)



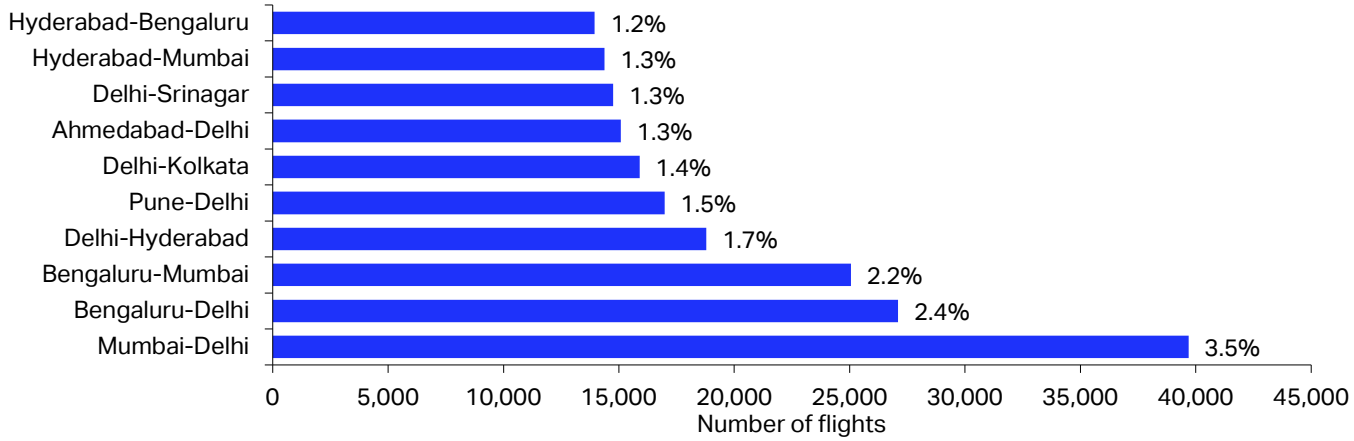
Source: IATA Sustainability & Economics based on data from OAG

[8] Measured by IATA Connectivity Index which takes into account a range of factors including the number of city pair connections, their frequency and the economic importance of the destinations. See more at https://www.iata.org/en/iata-repository/publications/economic-reports/air-connectivity-measuring-the-connections-that-drive-economic-growth/

Key routes

Mumbai-Delhi is the busiest domestic airport pair in the country, with more than 39 thousand flights in 2024, translating to an average of over 100 flights per day in both directions. This route accounts for 3.4% of all domestic flights. Bengaluru-Delhi and Bengaluru-Mumbai are the second and third busiest routes, with around 27 thousand (2.4% of domestic traffic) and 25 thousand (2.2%) flights in 2024, respectively (Chart 12).

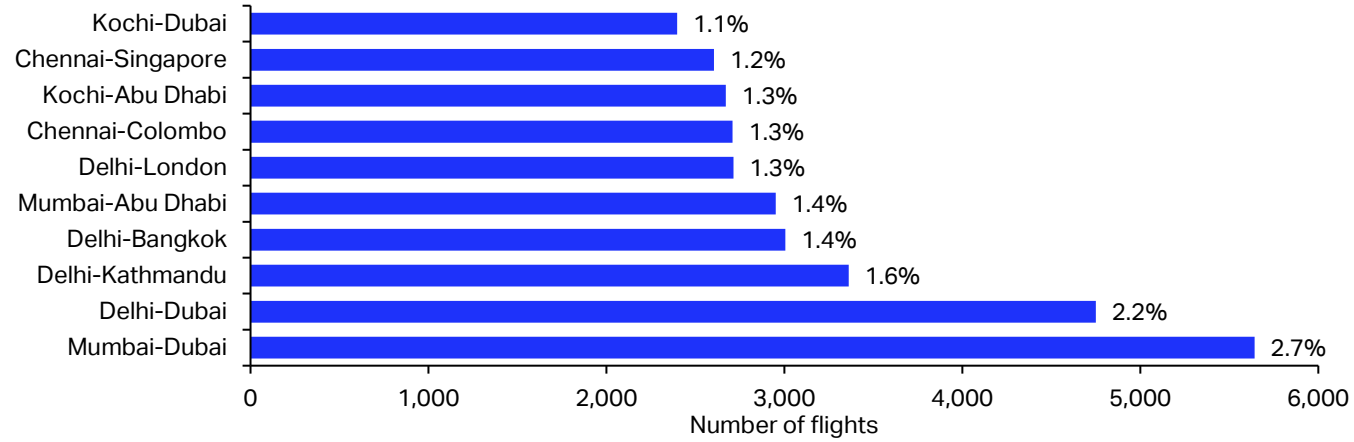
Chart 12: Busiest domestic routes in India by number of flights, total and % share (2024)



Source: IATA Sustainability & Economics based on data from OAG

Internationally, the two busiest routes – from Mumbai (BOM) and Delhi (DEL) to Dubai (DXB) – accounted for a combined 4.9% of all flights from India. These routes are followed by Delhi-Kathmandu (DEL-KTM), Delhi-Bangkok (DEL-BKK) and Mumbai-Abu Dhabi (BOM-AUH). Collectively, the top 10 routes account for almost 15.5% of total international flights (Chart 13).

Chart 13: Busiest international routes from India by number of flights, total and % share (2024)



Source: IATA Sustainability & Economics based on data from OAG

4 Overview of the air cargo market

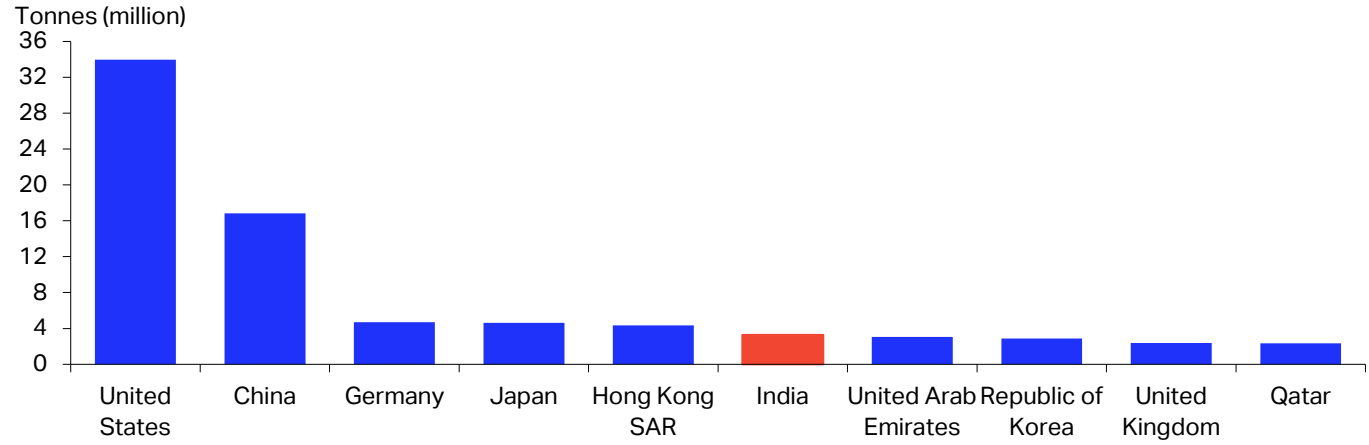
4.1 Importance of air cargo and recent developments

India's air cargo sector is experiencing significant transformation as the country aims to position itself as a key hub in South Asia. The government's ambitious program to expand air cargo volumes to 10 million tonnes by 2030[9], driven by extensive infrastructure development and export policy reforms, has bolstered industry optimism. Air cargo is often preferred over other modes due to the speed and reliability of delivery of products, particularly perishable goods, medicines and high-value items, which are vital to India's economy.

[9]The Economic Times, *Air cargo companies seek custom-fit tag for transhipment goods*, 2024. URL: https://economictimes.indiatimes.com/industry/transportation/airlines-/-aviation/air-cargo-companies-seek-custom-fit-tag-for-transhipment-goods/articleshow/111642381.cms?from=mdr

India's air cargo volumes approached 3.3 million tonnes in 2023, forming the 6th biggest global cargo market by volume (Chart 14).

Chart 14: Largest air cargo markets by tonnes handled (2023)

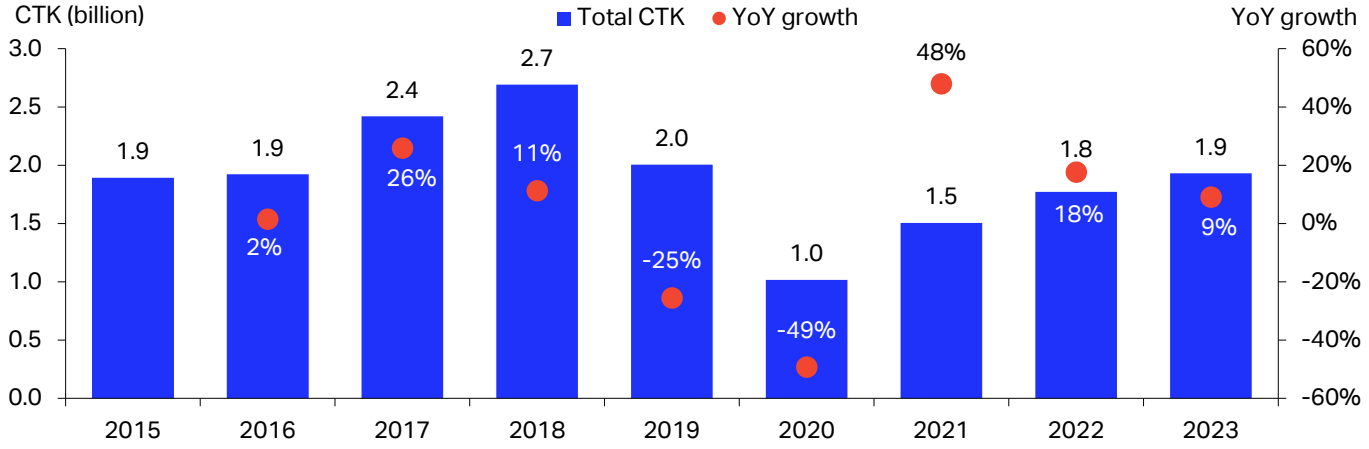


Source: ACI

The impact of the pandemic on air cargo was less than that for the passenger segment, notwithstanding the significant disruption to global supply chains. Throughout the pandemic, air cargo played a pivotal role in the transport of essential goods such as medicines, medical equipment, vaccines, and personal protective equipment – as well as maintaining international trade and commercial activities. Air cargo revenues were vital in supporting the financial performance of airlines at a time when passenger travel was extremely curtailed.

Cargo traffic for Indian registered carriers, as measured by Cargo Tonne Kilometres (CTK), declined by almost 50% in YoY terms in 2020. Since then, cargo volumes have recovered to 96.3% of the pre-pandemic 2019 level in 2023, with a strong YoY growth rate of 9.1% (Chart 15). Indicators point to the recovery having continued through 2024.

Chart 15: Total CTK of Indian registered carriers and YoY % growth (2015-2023)



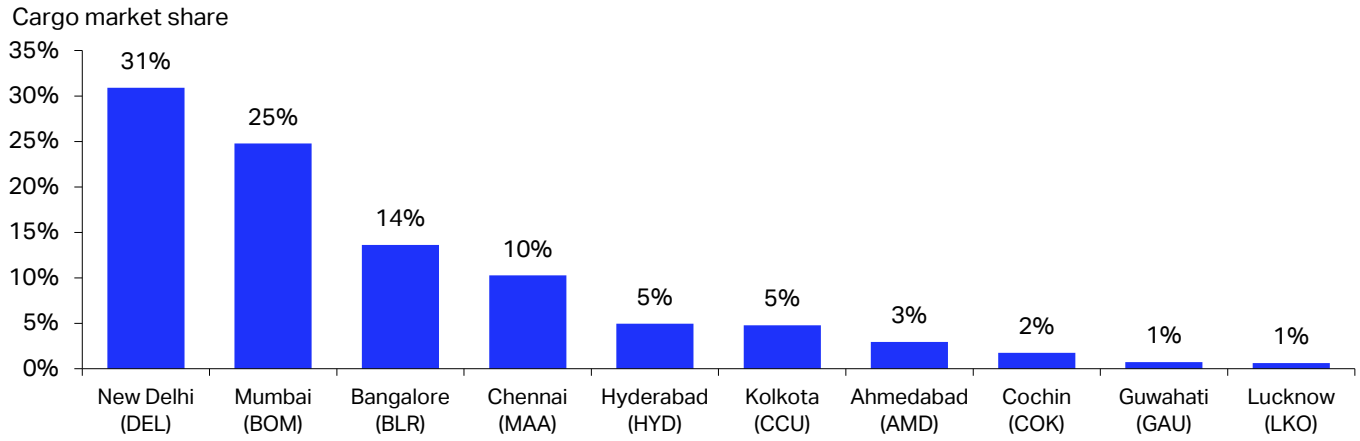
Source: IATA Sustainability & Economics using data from IATA Information and Data

In terms of air freight carried by Indian carriers, volumes declined by 39.9% in 2020 to 583 thousand tonnes, but swiftly rebounded in 2021, growing by 34.4% YoY to 783 thousand tonnes. By 2023, volumes had almost entirely recovered to their 2019 level (950 thousand vs 970 thousand tonnes). This level remains below the pre-covid peak of 1.1 million tonnes recorded in 2018 but is rapidly closing in on this figure.

4.2 Main air cargo hubs

Air cargo traffic in India is predominantly concentrated in four key airports: New Delhi, Mumbai, Bangalore, and Chennai. Collectively, in 2024 these airports handled 80% of total air cargo carried to and from India (Chart 16). This concentration is primarily due to their strategic locations, advanced infrastructure, and capacity to handle large volumes of cargo efficiently, making them the primary hubs for air freight in the country.

Chart 16: Market share of top 10 largest airports in India by total cargo handled (2024)



Source: ACI

Unsurprisingly, the Indian economy is well connected to global markets, with significant trade routes spanning South and East Asia, Europe, and the Middle East. China and the US remain India's largest single-country trading partners. While India traditionally maintains strong trade relationships with its neighboring South Asian countries, recent trends indicate a substantial increase in trade with Europe, which has risen by 90% in the last decade.[10] In 2024, Europe was one of India's largest trading partners, accounting for an estimated EUR 120 billion worth of trade in goods, representing 11.5% of India's total trade volume.

India's new Foreign Trade Policy which came into effect on 1 April 2023 aims to increase India's exports to USD 2 trillion by 2030 and focuses on emerging areas such as pharmaceuticals, high-tech manufacturing, and e-commerce; all areas well-suited to and supported by air cargo movements.[11]

[10] European Commission, *India*, 2024. URL: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india_en
[11] More broadly, India has signed a number of bilateral trade agreements over recent years, including with the UAE, Australia and EFTA. See an overview here.

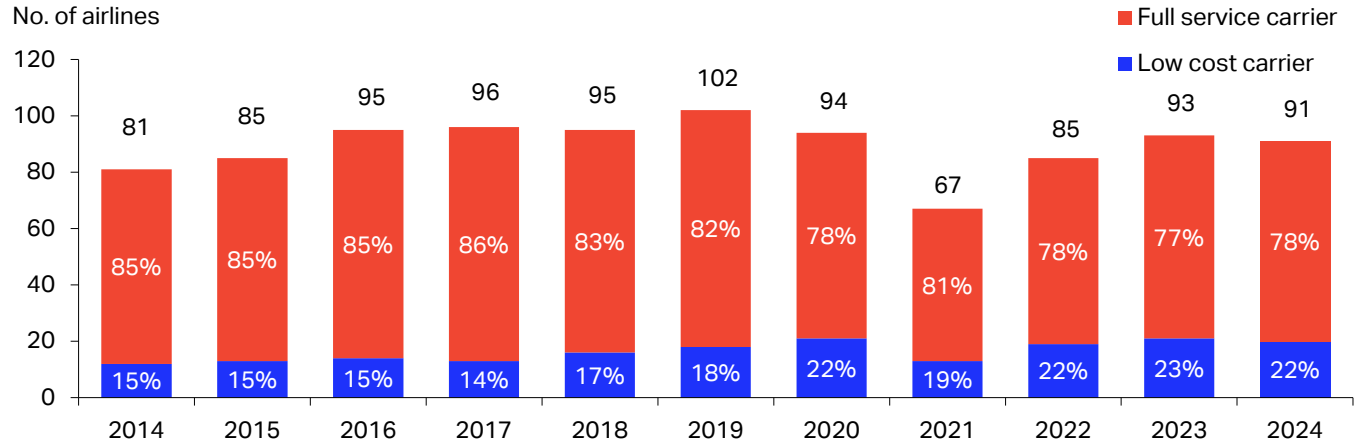
5 Air transport market structure and performance

5.1 Full-service carrier and low-cost carrier activity

Prior to the pandemic, the Indian aviation market experienced a sustained period of significant growth. A total of 102 airlines operated regularly scheduled commercial flights to/within India in 2019, and over the period 2014-2019, the number of airlines increased at a compound annual growth rate of almost 5% per year.

The number of airlines fell to a decade low of 67 in 2021 and has not yet recovered to the pre-covid levels; 91 airlines were active in the Indian market in 2024. The bulk of these (78%, or 71 airlines) were Full-Service Carriers (FSCs), with the remainder being Low-Cost Carriers (LCCs) (Chart 17).

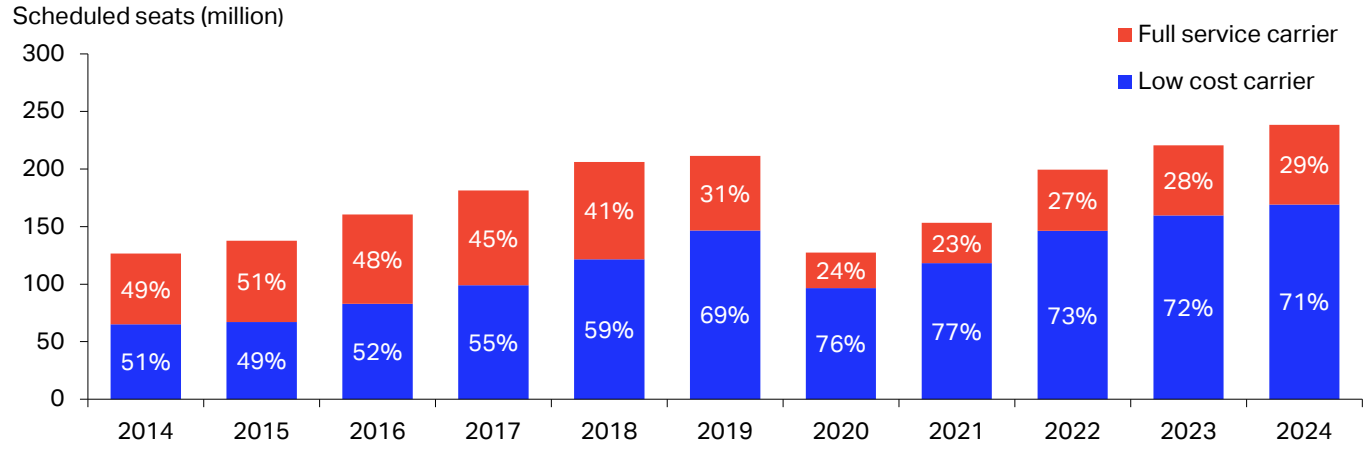
Chart 17: Number of airlines operating to and within India, by business model, % share (2014-2024)



Source: IATA Sustainability & Economics based on data from OAG

However, it is a very different story when viewed in terms of seat capacity. With nearly 170 million scheduled seats in 2024, LCCs held more than 71% of the market, up from 51% in 2014 (Chart 18). This result is primarily driven by the robust domestic market, characterized by high-frequency flights operated by LCCs. In particular, IndiGo is among the fastest-growing LCCs in the vibrant Asia region. The emergence and growth of LCCs in the India market has made air travel more affordable and more accessible to an increasingly wider share of the population.

Chart 18: Seat capacity to and within India, by business model, % share (2014-2024)



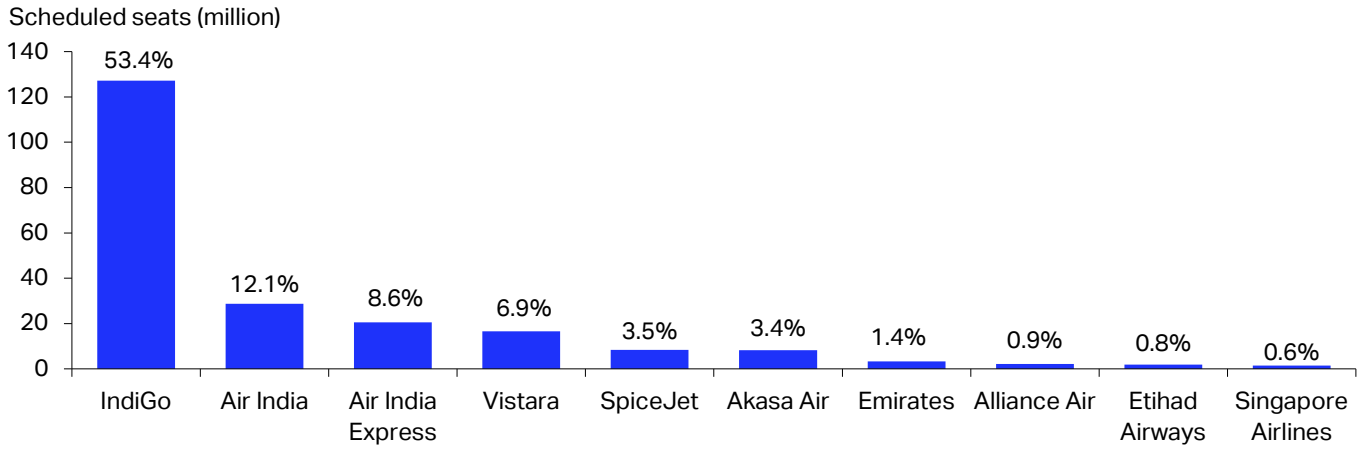
Source: IATA Sustainability & Economics based on data from OAG

5.2 Airline market

The top 10 airlines operating in India – including international airlines – collectively accounted for 91.5% of the total international and domestic seat capacity in 2024 (Chart 19).

IndiGo dominates Indian air transport in terms of scheduled seat capacity (number of seats) in 2024, with a market share of around 53.4% (up from 23% in 2016). Air India and its subsidiary Air India Express, ranked second and third, follow at some distance with market shares of around 12.1% and 8.6%, respectively. Importantly, fourth ranked airline Vistara has completed its merger with Air India in November 2024, expanding Air India's capacity. Emirates is the first overseas airline in the ranking, at #7, with a 1.4% market share.

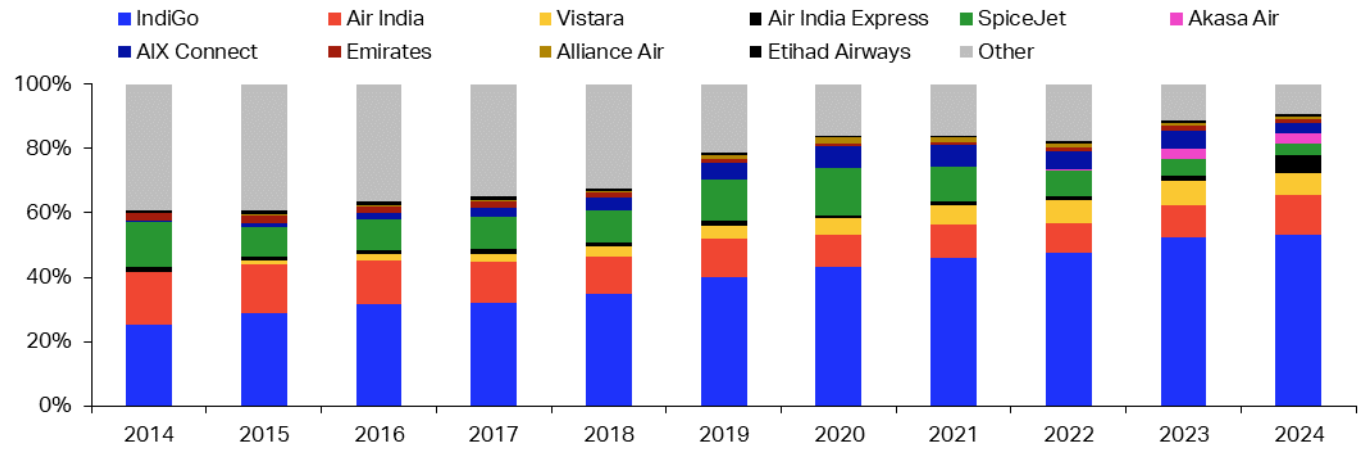
Chart 19: Largest airlines in India by seat capacity (2024)



Source: IATA Sustainability & Economics based on data from OAG
Note: Vistara has merged into Air India as of November 2024

Over the past decade, the combined market share of the top 10 airlines has increased from 60.7% in 2014 to 90.9% in 2024 (Chart 20). The most recent notable consolidations have been AIX Connect's (formerly Air Asia India) into Air India Express and Vistara's merger into Air India. Such consolidation can provide the financial stability needed to withstand economic shocks and downturns and can lead to better connectivity and higher flight frequency. This has been observed in markets where the barriers to entry are relatively low and low-cost carriers have thrived post-consolidation, providing customers with more choices and competitive pricing.[12] Combined with the appropriate safeguards for consumers and supportive market conditions, consolidation can enhance the competitiveness and health of the air transport industry, ensuring financially sustainable operations and benefiting passengers through improved services and competitive fares.

Chart 20: Composition of airline market in India by seat capacity (2014-2024)



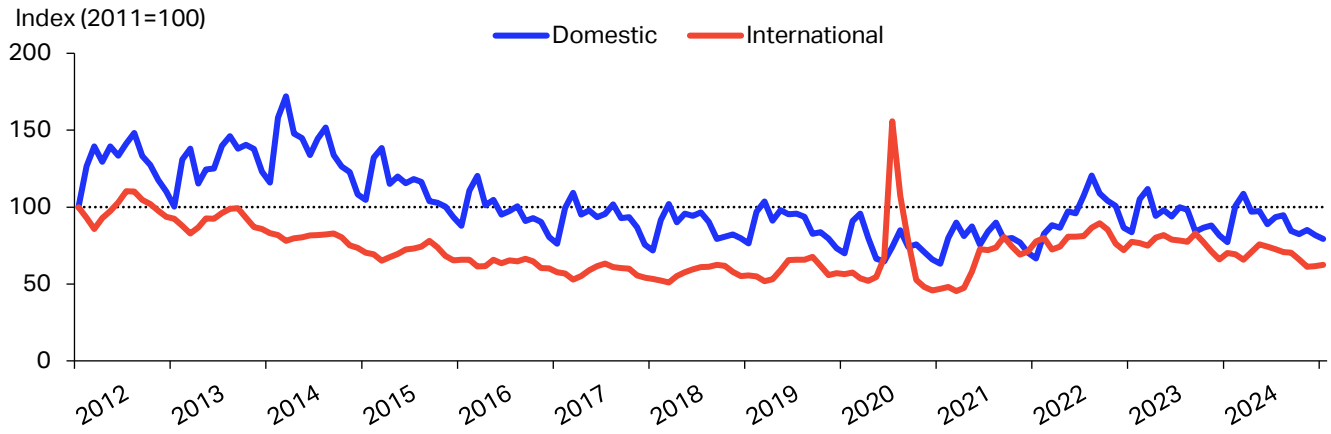
Source: IATA Sustainability & Economics based on data from OAG
Note: Vistara has merged into Air India as of November 2024. AIX Connect (formerly Air Asia India) has merged into Air India Express in FY 2023-24.

[12] ITIF, *US Airline Consolidation Has Not Harmed Competition or Consumers*, 2023. URL: https://itif.org/publications/2023/12/15/us-airline-consolidation-has-not-harmed-competition-or-consumers/

Since 2011, the real average air fare (i.e. adjusted for inflation) paid by Indian travelers, for both domestic and international flights, has decreased substantially (Chart 21). While the pandemic temporarily disrupted the downward trend, particularly for international travel, real air fares are declining again.

Compared to 2011, domestic and international airfares are around 79% and 62% of their 2011 levels, in real terms, respectively; in other words, airfares are 21% and 38% cheaper than they were in 2011. This again demonstrates the competitive pressures applied in the Indian air transport industry and the extent to which air travel has become more affordable and more accessible to a larger proportion of India's population.

Chart 21: Real average airfare, India (2012-2024, indexed to 2011)

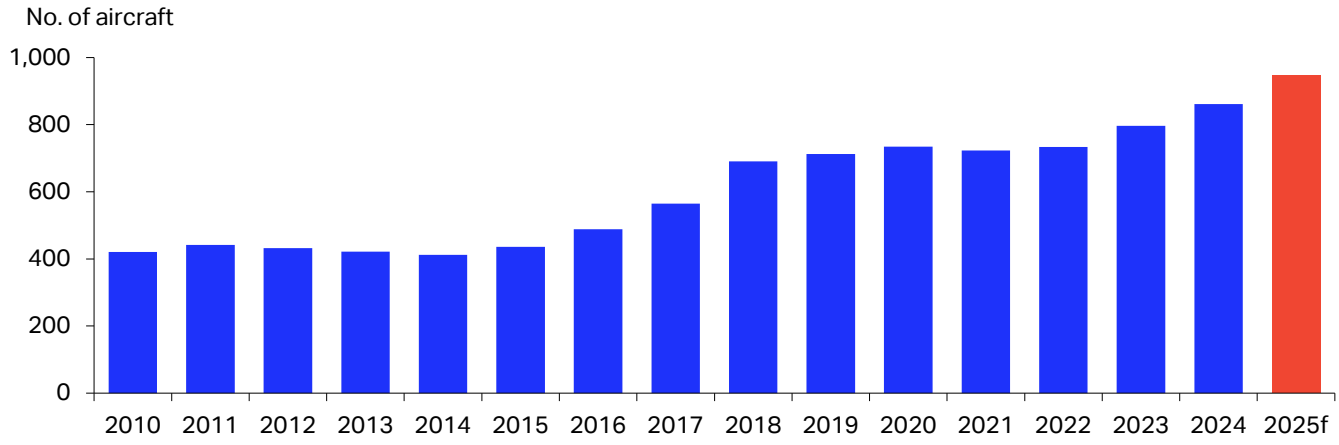


Source: IATA Sustainability & Economics, using data from DDS

5.3 Fleet evolution

The size of the commercial aircraft fleet registered in India has more than doubled over the past decade, recording a compound annual growth rate of 7.6%, around 3x the global average rate. Most of the growth in the fleet was attributable to IndiGo's rapid expansion. Currently, the Indian fleet consists of more than 860 aircraft (Chart 22)[13] and accounts for around 2.4% of the total global fleet.

Chart 22: Aircraft fleet in service and in storage registered in India (2010-2025f)

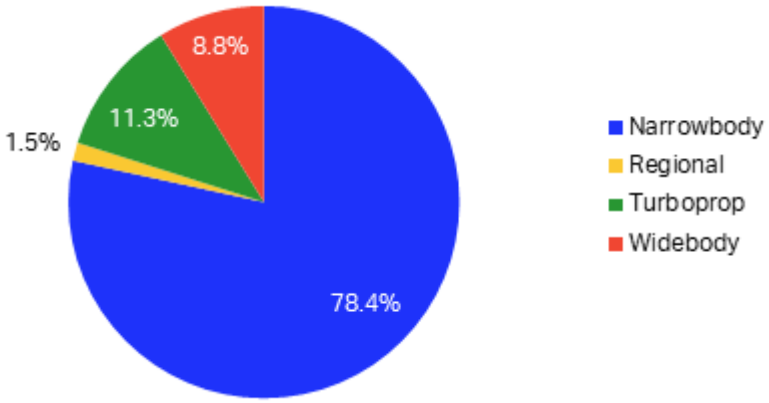


Source: IATA Sustainability & Economics, Cirium Fleets Analyzer

[13] Based on Cirium data, as at the end of 2024, more than 150 aircraft in the Indian fleet remained grounded primarily due to global supply chain disruptions relating to engines and MRO.

India hosts one of the youngest and most fuel-efficient fleets in the industry, with the average aircraft age being only 7.3 years compared with 14.8 years globally. Unsurprisingly, given the importance of the domestic market, the composition of the current fleet is heavily skewed towards narrowbody aircraft (78.4%) (Chart 23).

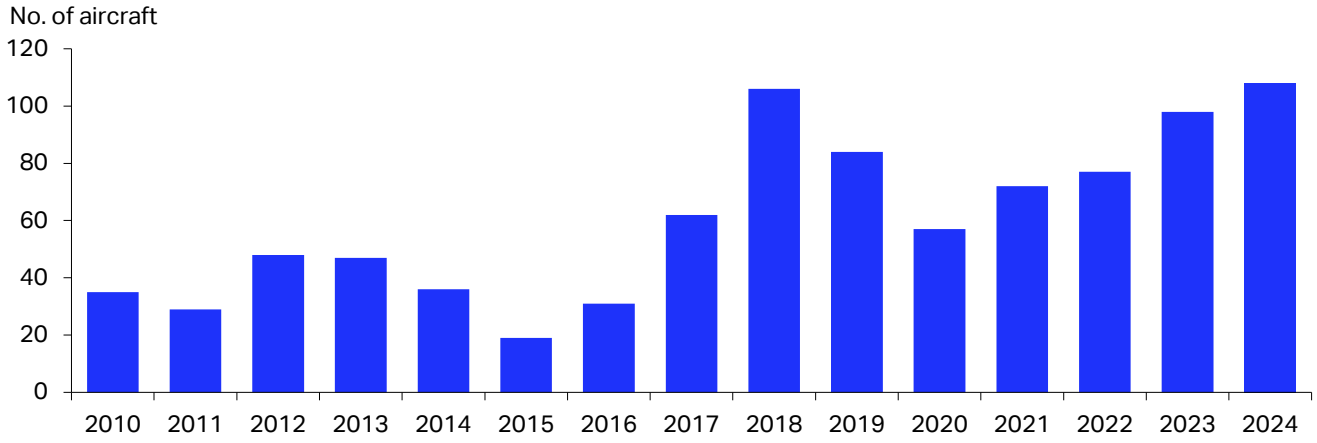
Chart 23: India's airline industry – fleet composition by aircraft type (2024)



Source: IATA Sustainability & Economics, Cirium Fleets Analyzer

Aircraft deliveries in India in 2024 reached 108, a new high compared to 106 new jets received in 2018 (Chart 24). Indian airlines' order book for the next five years stands at an impressive 739 aircraft, adding further potential to the industry's growth. However, a series of disruptions have affected the global aircraft supply chain in recent years, resulting in a high likelihood of revision of the future delivery schedules.

Chart 24: Aircraft deliveries for airlines registered in India (2010-2024)

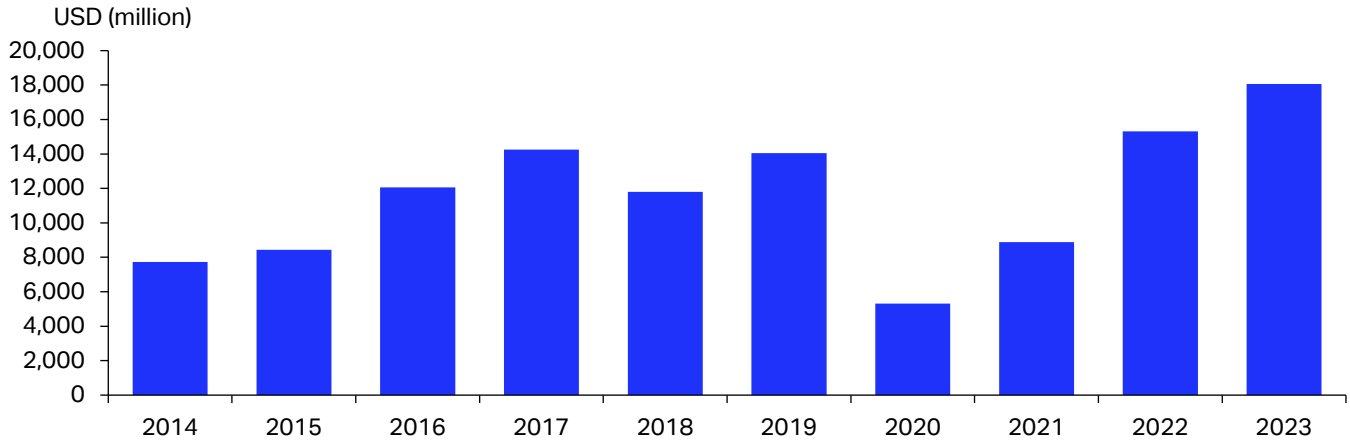


Source: IATA Sustainability & Economics, Cirium Fleets Analyzer

5.4 Airline financial performance

The revenue of the India-registered carriers was estimated at USD 18.1 billion in 2023 (Chart 25). This reflects a robust compound annual growth rate of almost 10% between 2014-2023 (latest available data), driven by the expansion of passenger numbers in the Indian air travel market.

Chart 25: India's airline industry – revenue (2014-2023)*



Source: IATA Sustainability & Economics, Airfinance Global

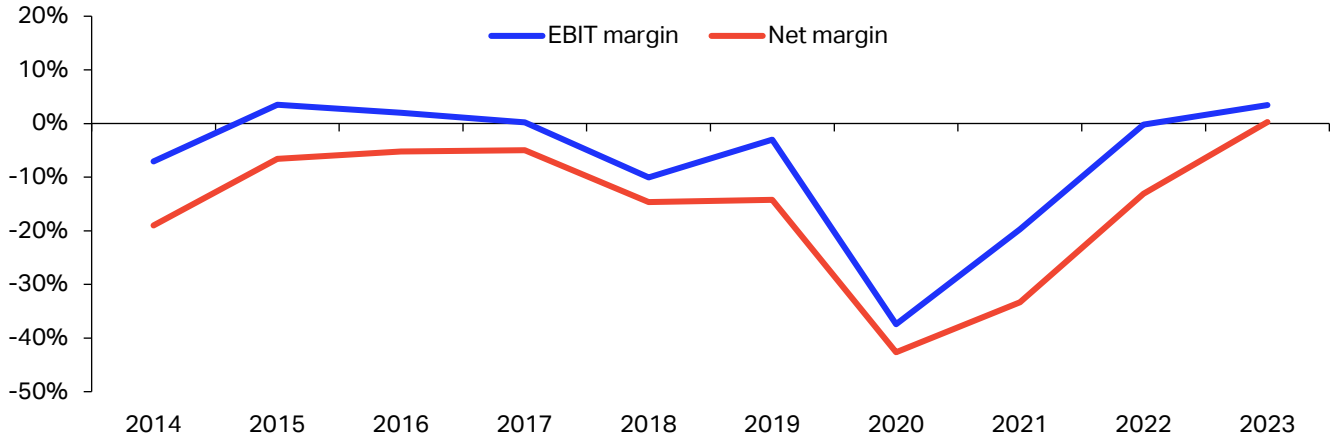
* Data for carriers registered in India. Estimate based on a sample of 5 airlines representing 86% of the fleet and c.90% of traffic.

Historically, the Indian market has been a challenging one for airlines, with numerous market entry and exits. Among the more notable recent bankruptcies are GoAir (2021), Jet Airways (2019), and Kingfisher (2012). More than 15 airlines registered in India have failed over the last two decades.[14]

The difficult financial environment is evident in the progression of both the operating and net margin results since 2014. Over this period, 2023 (latest available data) marks the only year that the airline industry in India has recorded a positive net margin. The operating (EBIT) margin has only been positive in four years, with one of those being very marginal. Certainly, the covid pandemic has played a part in these outcomes, but the broader challenges to airline financial sustainability in India are readily apparent from the extended time series.

In positive developments, the financial recovery since the depth of the pandemic is encouraging, indeed the EBIT margin returned to positive territory in 2023, at 3.5%, with the net margin also improving to 0.3% (Chart 25).

Chart 26: India's airline industry – operating and net margin (2014-2023)*



Source: IATA Sustainability & Economics, Airfinance Global

* Data for carriers registered in India. Estimate based on a sample of 5 airlines representing 86% of the fleet and c.90% of traffic.

[14] Business Today, Go First's insolvency plea: Here's a list of air carriers that went bust in the past, 2023. URL: https://www.businesstoday.in/industry/aviation/story/gofirst-latest-airlines-to-go-bankrupt-heres-a-list-of-air-carriers-that-went-bust-in-the-past-379829-2023-05-03

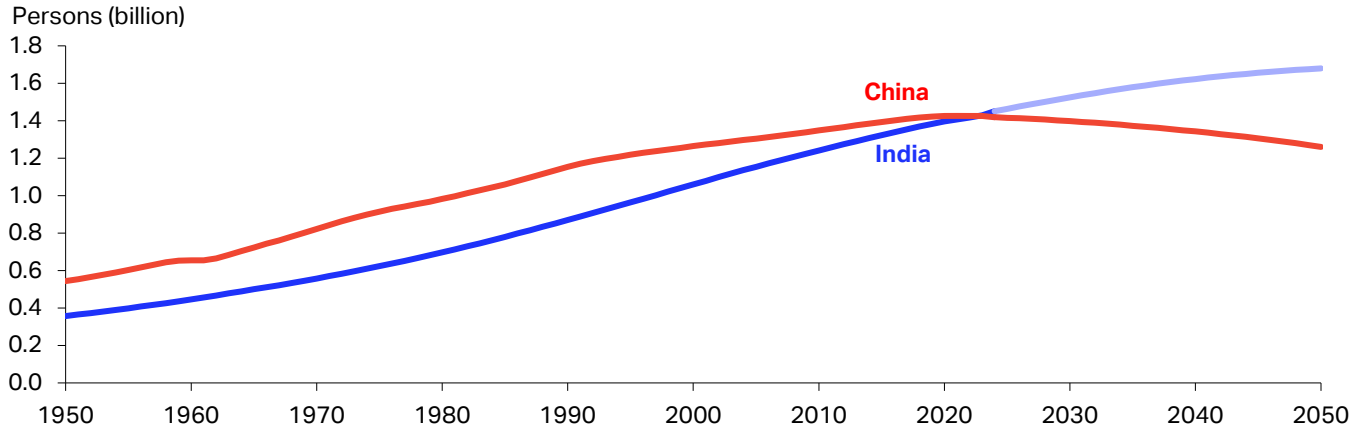
6 Economic and Industry Outlook

6.1 Macroeconomic forecast

India's economic landscape is often characterized by a paradoxical blend of underachievement and resilience, where outcomes rarely meet the highest expectations yet also consistently avoid the worst-case scenarios, leaving both optimists and pessimists equally unsatisfied.

In 2023, India's population surpassed that of China to become the world's most populous country (Chart 27) and represents 17.8% of today's global population. Over the past decade, India's population has increased by around 144 million people, while that of China has risen by a more modest 34 million. Looking ahead ten years, India is expected to add around 118 million to its population, while China's population is expected to decline by around 40 million persons.

Chart 27: Total population of China and India (1950-2050)



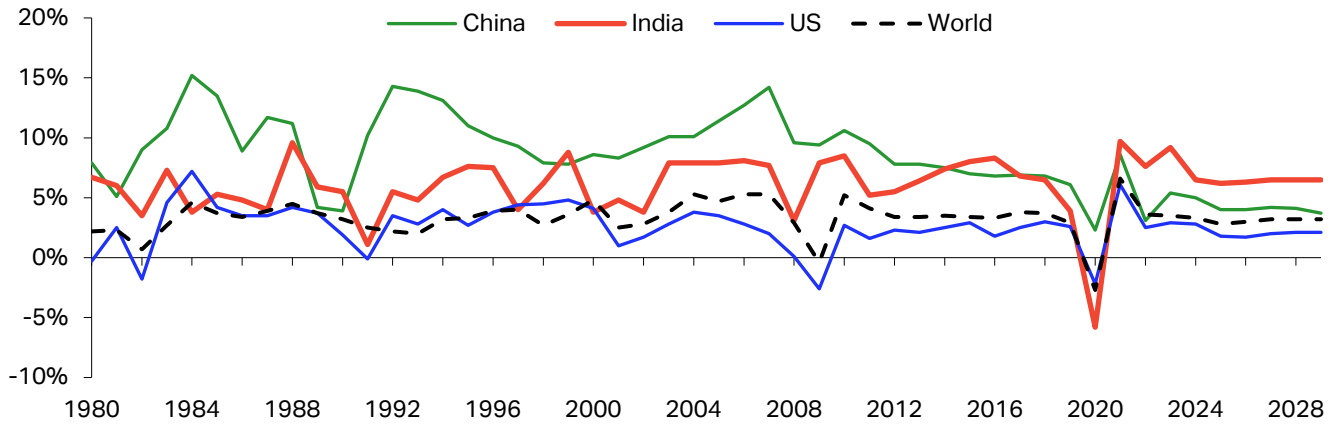
Source: UN World Population Prospects, 2024

India, the world's fifth largest economy,[15] has sustained a strong economic growth performance in recent years (Chart 28). Over the past decade, the Indian economy (measured in terms of real GDP) has grown at a compound annual growth rate of 5.9%, much faster than the rate of 3.1% for the global economy overall. These macroeconomic outcomes have been mainly driven by the performance of the services sector, which is underpinned by the country's relatively young and tech-savvy workforce.

India's economy is forecast to continue to exhibit robust growth at an average annual rate of 6.5% over the next five years, again significantly outperforming the global average and that of other large countries. This growth is expected to be largely driven by increased private consumption and supported by solid increases in income and living standards.

[15] In terms of GDP, current prices 2024, source: World Bank

Chart 28: Annual real GDP growth rate, selected countries (1980-2028)



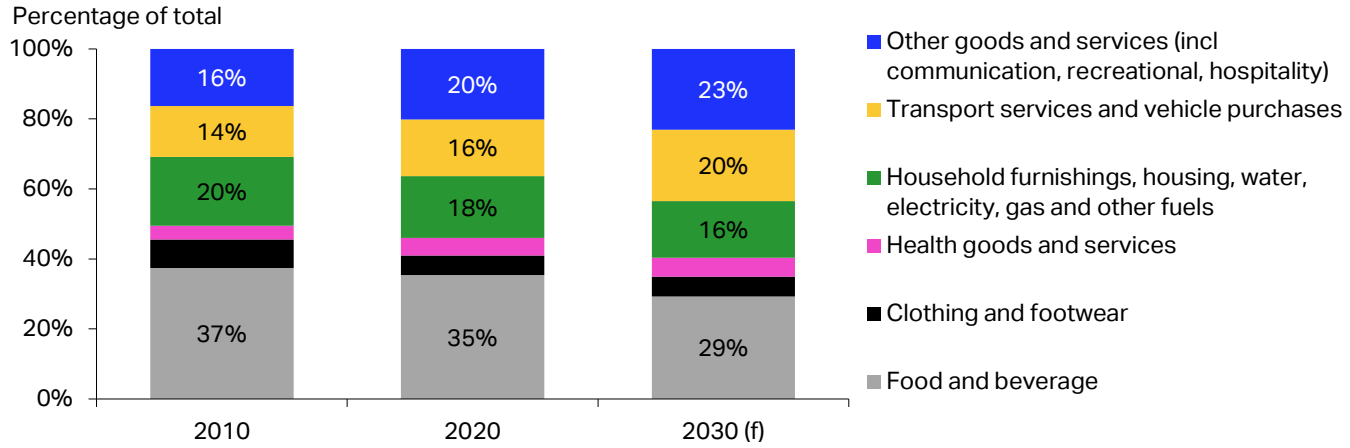
Source: IMF World Economic Outlook Database, April 2025[16]

Evolving consumer spending patterns in India, associated with the rise of the middle-income class, are important contributors to India's favorable economic outlook. Real disposable per capita income in India increased by 65.4% between 2014 and 2022[17], leading to a shift in consumer spending patterns, including additional demand for more premium products and services.

For example, there has been a clear decline in the proportion of disposable income spent on essentials such as housing, food and clothing, and a rise in spending on transport services, including aviation (Chart 29). The share of consumer spending on transport services and vehicle purchases rose from 14.5% to 16.2% over the decade to 2020 and is expected to rise further by 2030, to around 20.4%, as the number of middle- to high-income households increases.[18]

However, rising household debt and declining savings present a risk to the sustainability of India's long-term growth. Managing household debt to prevent it from rising to concerning levels is necessary to maintain economic stability and protect households from financial vulnerability and distress.[19]

Chart 29: India consumer spending by category



Source: IATA Sustainability & Economics based on data from Oxford Economics

A growing population, combined with improved living standards and expectations of a continued strong macroeconomic performance, have positive implications for the aviation industry. Not only will the number of people needing air transportation increase, but they are also expected to have a higher disposable income on average. These two factors combined will drive a strong increase in the demand for air services, both passenger and cargo, for India over the medium to long term.

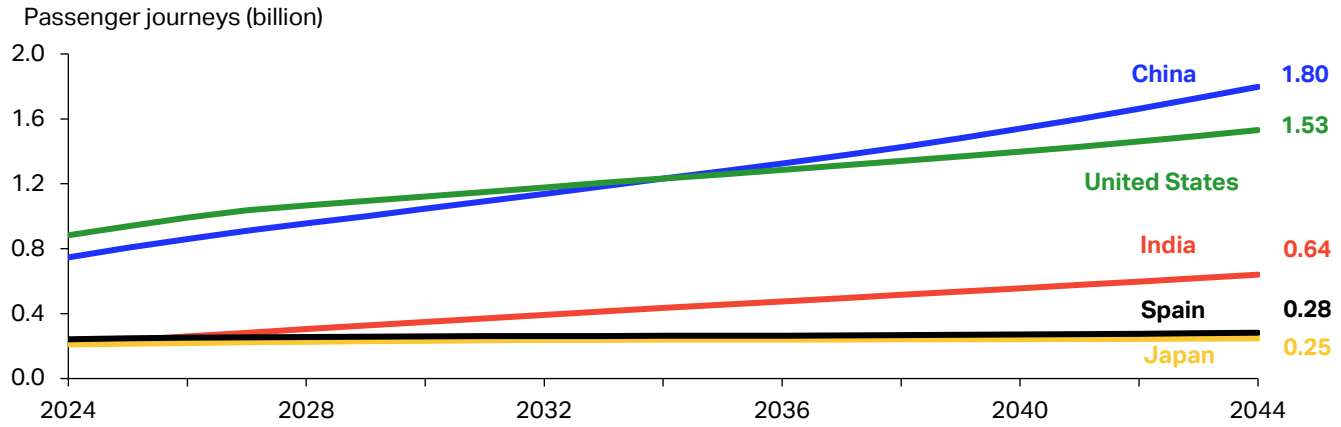
[16] https://www.imf.org/en/Publications/WEO/weo-database/2025/April
[17] Oxford Economics, *Macro Outlook Dashboard*, 2024. URL: https://data.oxfordeconomics.com/
[18] Ibid.
[19] Ibid.

6.2 Long-term air passenger forecast

As noted above, India currently accounts for around 17.8% of the global population but only 4.2% of total global air passengers. This provides a clear indication of the growth opportunity for this important air transport market.

The number of passengers traveling on flights to, from, and within India is forecast to increase at an average annual rate of 5.6% over the next twenty years. This will result in an additional 425 million annual passenger journeys in 2044, almost tripling 2024 levels (Chart 30). In turn, this will translate into an increase in the average number of air passenger journeys per year in India, rising from around 148 to 258 trips per 1,000 inhabitants.

Chart 30: 20-Year Air Passenger Forecast, selected countries



Source: IATA Sustainability & Economics & Oxford Economics

7 Practicalities of paving the way forward

As depicted above, overall, the outlook is potentially a very positive one for both the Indian economy and air transport industry. However, such outcomes are not guaranteed and could face various headwinds over the period ahead.

In relation to air transport specifically, a supportive economic and industry policy backdrop is important to ensuring the benefits of the potential growth of the air transport sector in India can be fully captured. The main areas of likely challenges for policymakers include infrastructure, taxation, and financial and environmental sustainability. Each of these areas could present roadblocks that hinder the successful development of India's aviation market.

7.1 Infrastructure

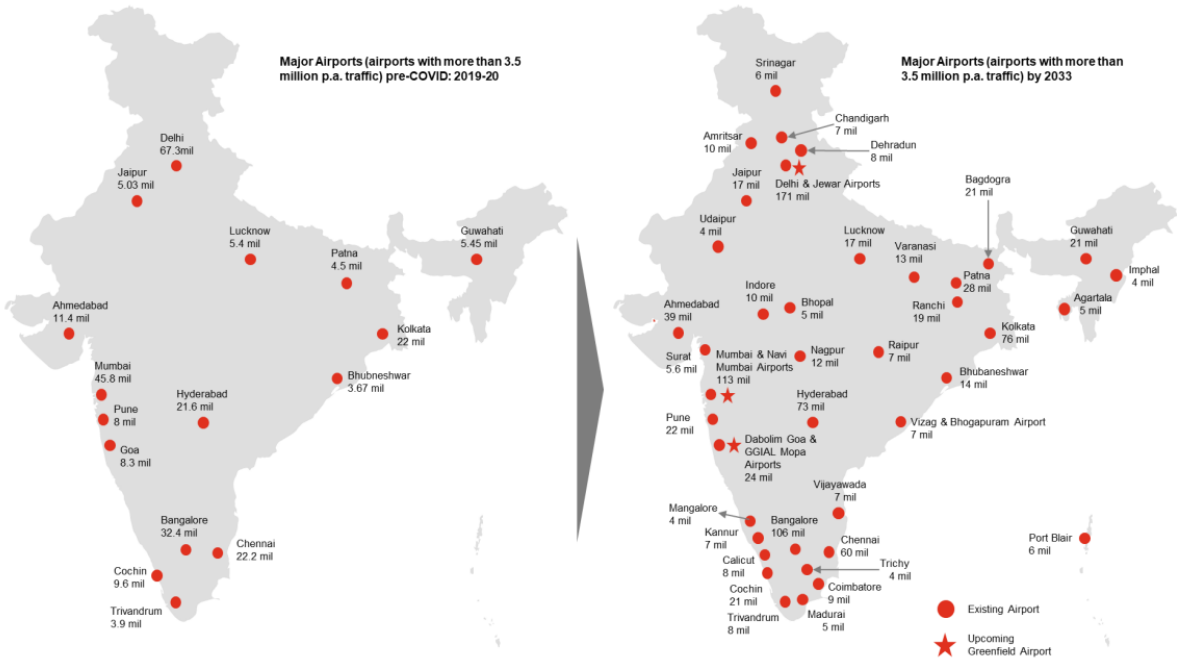
Investing in air transport infrastructure is essential to meet future passenger demand. Expanding and modernizing airports ensures they can accommodate the expected threefold increase in traffic over the next 20 years efficiently and effectively. Additionally, investment in such infrastructure boosts economic growth by facilitating trade and tourism, creating jobs, and attracting private investment. Investment helps to build a resilient and future-ready aviation sector by anticipating and addressing capacity and connectivity challenges before they become problematic and constrain activity and growth. OAG data suggest that the number of operational airports with scheduled traffic has increased significantly from 74 to 125[20] between 2014 and 2024, with the government's ambitious plans to increase this figure to 230 by 2030.[21]

The Regional Connectivity Scheme (RCS)-UDAN, which aims to improve domestic connectivity, intends to operationalize more airports throughout India, supplementing the existing 16 major airports[22] in the country (Figure 4). By improving access to rural areas, the scheme is expected to stimulate economic growth in

[20] This accounts for airports that have at least one regularly scheduled flight per year for at least one season.
[21] Government of India, *Record Growth in the Number of Airports in India*, 2023. URL: https://www.pib.gov.in/PressReleasePage.aspx?PRID=1918943
[22] Major airport is defined as one with the minimum capacity to handle at least 3.5 million passengers.

underdeveloped regions, reduce travel time, and increase the efficiency of goods and passenger transport. Additionally, connecting smaller airports and cities to larger hubs will facilitate better resource distribution and economic integration, fostering a more balanced regional development across the country (more on RCS-UDAN in Box 1).

Figure 4: Expected evolution of major airports in India in 2019 versus 2033



Source: PwC Analysis, data from AAI.

Furthermore, the *National Infrastructure Pipeline* (NIP), launched in 2019, is a major policy initiative, with USD 1.5 trillion in planned investment by 2025. It aims to develop around 6,800 projects across energy, telecommunications, transport (including aviation), and social infrastructure to improve living conditions, create jobs, and boost India's economy.[23]

Key measures, as they apply to the air transport industry, include:

- National Civil Aviation Policy (NCAP) 2016: Making India a global civil aviation hub.[24]
- Drone Rules: Providing regulations for drone usage.[25]
- NextGen Airport for Bharat (NABH) Nirman: Expanding airport capacity to handle a billion trips annually.[26]
- IFSC Aircraft Leasing and Financing: Promoting aircraft financing and leasing within India.[27,]

[23] Pratap, K. and Gupta M. *Infrastructure Financing in India: Trends, Challenges, and Way Forward*, 2023. URL: https://doi.org/10.1093/oso/9780198884934.003.0002
[24] Airports Authority of India, *National Civil Aviation Policy,* 2016. URL: https://www.aai.aero/sites/default/files/basic_page_files/Final_NCAP_2016_15-06-2016-3%20%281%29.pdf
[25] India Ministry of Civil Aviation, *The Drone Rules, 2021*. 2022. URL: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/jan/doc202212810701.pdf
[26] PWOnlyIAS, NABH NIRMAN Scheme: Aim, Objectives, Features, Need, and Challenges, 2024. URL: https://pwonlyias.com/nabh-nirman-scheme/
[27] India International Financial Services Centres Authority, *IFSCA Regulations, Framework & Guidelines for Aircraft leasing*, 2024. URL: https://ifsca.gov.in/Pages/Contents/AircraftLeasing

Box 1: Example of regional connectivity scheme (RCS)-UDAN: a unique working model

The UDAN (Ude Desh ka Aam Nagrik) Scheme is a regional airport development and connectivity program launched in 2016 by the Government of India to stimulate regional air connectivity connecting unserved and underserved airports and making air travel affordable for the general public.[1]

The scheme provides three measures to increase regional connectivity:[2]

1. A reduction of operating costs on regional routes.
2. A market discovery subsidy for some of the seats deployed on these routes.
3. A three-year exclusivity period.

Examples of UDAN achievements:

- By August 2024, 583 RCS routes had commenced operations connecting 86 airports, including 13 heliports and 2 water aerodromes.[3] More than 1.43 crore passengers have availed of the benefits of the scheme.
- In 2024, the number of operational airports in the country has doubled from 74 in 2024 to 157 in 2024, with an aim of increasing this to 350-400 by 2047.[4]
- By 2025, cargo flights for perishable food items aim to be increased by 30% (133 additional flights).[5]

Sources:

(1) India Ministry of Civil Aviation, *UDAN*, 2021. URL: https://www.civilaviation.gov.in/sites/default/files/migration/UDAN-Manual.pdf
(2) Economic Times, *Adani Airports raises $250 million in ECB for airports development*, 2022. URL: https://cfo.economictimes.indiatimes.com/news/adani-airports-raises-250-million-in-ecb-for-airports-development/91433008
(3) India Ministry of Civil Aviation, *India's Soaring Skies with Inclusive and Booming Aviation*, 2024. URL: https://pib.gov.in/PressNoteDetails.aspx?NoteId=152143&ModuleId=3
(4) India Ministry of Civil Aviation, *India's Soaring Skies with Inclusive and Booming Aviation*, 2024. URL: https://pib.gov.in/PressNoteDetails.aspx?NoteId=152143&ModuleId=3
(5) The Statesman, *Our government's target is 220 airports by 2025:* Jyotiraditya Scindia, 2021. URL: https://www.thestatesman.com/india/our-governments-target-is-220-airports-by-2025-jyotiraditya-scindia-1503156658.html#google_vignette

7.2 Taxation

Air passenger demand is sensitive to price. Further, airlines operate on narrow profit margins, and are particularly vulnerable to increases in operational costs, which can threaten their financial sustainability and the ongoing provision of air transport services. In this regard, governments should be mindful of the integral relationship that airlines have with the broader economy and economic development when developing taxation proposals. The following two examples – drawn from recent experience in India – provide contrasting considerations.

- Aviation fuel constitutes approximately 40-50% of an airline's operational expenses in India[28] – well above the global average. In India, this expense is subject to an increased tax burden, which further inflates costs, making it difficult for airlines to achieve profitability and maintain network operations. An excessive tax or administrative burden can render routes unprofitable, and operations could cease in those cases. In turn, this could result in the favorable industry growth outlook being curtailed, with related implications for wider economic activity and jobs.
- Conversely, in July 2024, the Indian government implemented a standardized 5% Goods and Services Tax on aircraft and engine parts, a notable reduction from the previous range of 5% to 28%. This uniform tax rate is anticipated to stimulate the growth of local maintenance, repair, and overhaul sectors, which are instrumental for India's economic advancement, enhancing the country's aviation infrastructure and service capabilities.

7.3 Skills and labor

The high demand for air travel and the expected significant fleet expansion in India underscores the pressing need for approximately 37,000 pilots and 38,000 maintenance technicians during the next two decades in the region.[29] Even now, there is a shortage of trained pilots in India, which is exacerbated by the high costs of pilot training.[30]

Additionally, many experienced pilots are approaching retirement age, potentially creating an even larger shortage of trained pilots. This affects the ability of airlines to expand their operations and meet increasing

[28] India Ministry of Civil Aviation, *Share of ATF in operating cost of Airlines*, 2016. URL: https://sansad.in/getFile/loksabhaquestions/annex/10/AS340.pdf?source=pqals
[29] Boeing, *India Will Lead South Asia To Become Fastest-Growing Commercial Aviation Market*, 2024. URL: https://www.boeing.co.in/news/2024/india-will-lead-south-asia-to-become-fastest-growing-commercial-aviation-market
[30] Wright Research, *Challenges & Investor Overview of India's Aviation Sector*, 2024. URL: https://www.wrightresearch.in/encyclopedia/chapter-report/chapter-7-challenges-and-investor-overview-of-indias-aviation-sector/

demand. The expansion of the Indian aviation sector necessitates a highly skilled workforce, and investment in training, skills, and human resource development is essential to underpin the sector's growth.

Having said that, it is important to recognize that India ranks highly in terms of gender diversity in aviation, and in 2023 women accounted for 14% of airline pilots in the country, well above the global average rate. This has been achieved by targeted activities, including outreach programs to improve corporate policies, strong family support, company investments, and state and government subsidy programs.[31]

7.4 Climate change and sustainability

As India's aviation industry navigates a path toward further growth and innovation, recognizing the role of strategic policy developments as enablers is crucial for ensuring a more sustainable and prosperous future for the sector.

Globally, the cost to the industry of achieving its 2050 Net Zero CO_2 ambition is estimated to be in the order of USD 4.7 trillion, or USD 174 billion per year, on average.[32] Additionally, further capital investment (capex) needed for the energy transition is estimated between USD 3.8 and USD 8.1 trillion.[33] A key lever of this transition is the production and the use of Sustainable Aviation Fuel (SAF), where some 3,000-6,600 new production facilities are likely to be required globally. India has a substantial opportunity for developing its SAF production ecosystem, with a potential to produce 8-10 million tonnes of SAF annually by 2040.[34] Public investment and fiscal incentives or funding – along with broader initiatives which help to create a supportive operating environment or efficiently functioning markets – can play important roles in catalyzing the development of the country's SAF ecosystem and the industry's sustainability efforts.

While all supply chain stakeholders are actively working on developing more sustainable solutions, technologies, and practices, the industry's commitment to achieving net zero carbon emissions by 2050 cannot be reached without coherent, stable, harmonized, technology and feedstock agnostic policy initiatives. Such initiatives must consider the industry's decarbonization as part of a global energy transition and economic development challenge.

As such, a holistic and strategic approach to policy is required, incorporating radical collaboration across all government agencies and industry representatives. IATA's Net Zero CO_2 emissions Policy roadmap[35] provides a chronological "menu" of policy options to facilitate the air transport industry's journey toward net zero CO_2 emissions. While recognizing that there is no "one-size-fits-all" solution, there are policy objectives that have widespread applicability across jurisdictions and timeframes which underpin the roadmap's recommendations.

7.5 Regulatory environment

Beyond sustainability, the wider regulatory and legislative backdrop cannot be disregarded. An efficient and effective global air transport industry requires the streamlining of international regulatory structures wherever possible, enhanced collaboration among key government and policy stakeholders and respect for the role of international treaties and organizations, such as the UN International Civil Aviation Organization (ICAO). In this regard, the recent strong growth and positive industry outlook for India presents an opportunity for it to play an important leadership role in such global policy discussions and initiatives. Policy oversight and possibly regulatory intervention may be particularly important in areas of the value chain where market power is prevalent, in order to promote fair and competitive outcomes and deliver benefits to consumers.

While government regulations are designed to address market failures, they often impose additional operational and administrative burdens on airlines. Issues such as bureaucratic inefficiencies, inconsistent policy implementation, unnecessary overlap and duplication, and delays in regulatory approvals can all impede airline operations, increase costs (to both airlines and passengers), and stifle growth. Ongoing vigilance to minimize and

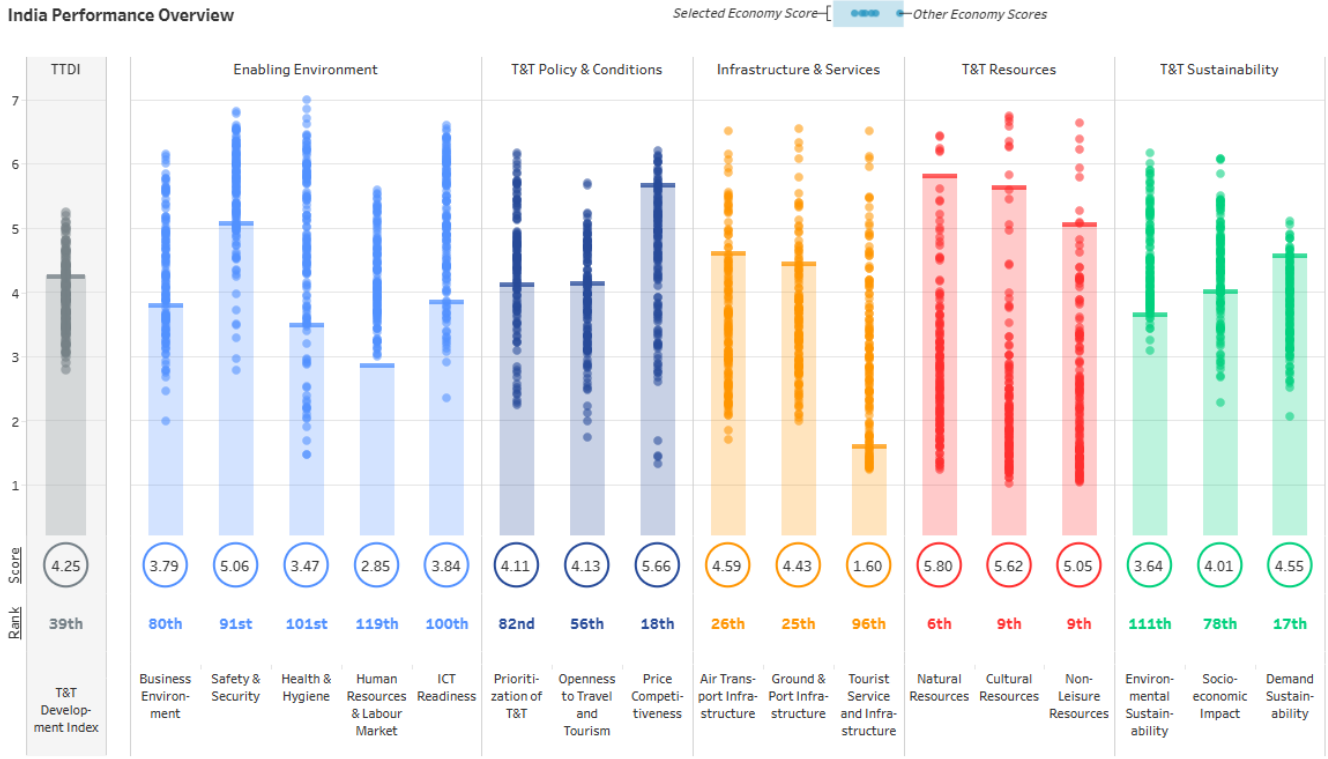
[31] IATA, *Gender in Aviation. Celebrating progress while looking to the future,* 2024. URL: https://www.iata.org/contentassets/cd7f1170cbf447c7824f63e8d138e5d0/gender-in-aviation-final.pdf
[32] IATA, *Finance Net Zero CO_2 Emissions Roadmap,* 2024. URL: https://www.iata.org/en/programs/sustainability/reports/financeroadmap2024/
[33] ibid.
[34] Deloitte, *Green wings: India's SAF revolution in the making*, 2024. URL: https://www2.deloitte.com/in/en/pages/about-deloitte/articles/sustainable-aviation-fuel-report.html
[35] IATA, *Policy Net Zero CO_2 Emissions Roadmap,* 2024. URL: https://www.iata.org/en/programs/sustainability/reports/policyroadmap2024/

address any such regulatory challenges is crucial for fostering a safe, more efficient and growth-oriented aviation sector in India.

Government actions must support the creation of an open, dynamic aviation market with competition encouraged through suitable air service agreements, low taxation and reduced administrative burden. The focus should be placed on enabling sustainable capacity growth, allowing for competitive forces to continue reducing airfares and increasing connectivity for the travelling public.

In relation to travel and tourism, the World Economic Forum (WEF) identifies the relative strengths and areas for improvement across various countries. For India, the WEF notes a strong performance regarding travel and tourism resources and infrastructure, but more challenges regarding the enabling environment – including safety and security, labor market, health and ICT readiness – along with some sustainability elements, notably environmental and socio-economic impacts (Chart 31). Such measures provide an indication of priority areas where attention might be best focused to support the development of the travel and tourism sector which, as noted previously, accounted for almost 9% of total national employment in 2023.[36]

Chart 31: India's Travel and Tourism Development Index (2024)



Source: WEF

8 Concluding comments

Air transport is the business of freedom. It is so much more than just moving people and cargo from one destination to another; it helps bring families together, supports and enhances business, trade and investment opportunities, promotes the transfer of knowledge and innovation, and provides students a chance to study abroad and experience different cultures. Even when looking only at the quantifiable benefits, in 2023, the industry generated a USD 53.6 billion contribution to India's economy, supporting 7.7 million jobs in the country.

India is a vast country with diverse geographic, demographic and cultural characteristics. It is an emerging economy with strong growth potential, now ranking as the third largest air transport market in the world in terms

[36] World Economic Forum, *Travel and Tourism Development Index*, 2024. URL https://www.weforum.org/publications/travel-tourism-development-index-2024/interactive-data-and-economy-profiles-afaa00a59c/

of departing O-D passenger traffic, behind the United States and China. Approximately 174 million passengers traveled from and within India by air in 2024, accounting for around 4.2% of the global total.

Both international and domestic connectivity is currently almost 20% above its pre-covid level, and new routes are consistently being implemented to respond to consumer demand. As this paper has made clear, underpinned by solid fundamentals – including population, demographics and incomes – the long-term potential for growth in India's air transport sector is also a very positive one, supporting the wider economic development of the country.

However, the positive outlook does not come without its challenges – for the airlines, its industry partners and policymakers alike – to ensure that this growth potential can be met, and the available benefits of aviation accrue fully to the country and its citizens. Airline profitability is not guaranteed, and the wider regulatory environment must support sustainable air transport growth within the country. In particular, conversations regarding infrastructure development, taxation, labor and skills challenges, and ensuring climate change and sustainability considerations are addressed, are all required to secure a positive future for the industry and, in turn, the country.

This will require effective and ongoing dialogue and collaboration across the industry value chain, including between airlines, airports, governments and regulatory authorities. Should these challenges be able to be overcome, India is well placed to be one of the world's standout air transport markets over the coming decades.

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Table of charts

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