

Aviation Sector in India

The Indian aviation sector has grown rapidly, emerging as one of the world's busiest domestic markets. But the **IndiGo crisis of December 2025**, with over **2,000 flight cancellations**, exposed major gaps in operational planning and regulatory readiness. Triggered by an acute crew shortage following the rollout of new **Flight Duty Time Limitation (FDTL)** norms.

Aviation Sector in India

Aviation in India encompasses **both military and civil segments**, with the **civilian aviation sector** emerging as one of the **world's most dynamic markets**. India has already become the **third-largest domestic aviation market globally**. According to International Air Transport Association (IATA), the country is poised for even greater growth, **set to surpass the US and China to become the world's third-largest air passenger market by 2030**. This rising demand is driving rapid fleet expansion, with India's aircraft count expected to reach **around 1,100 by 2027**.

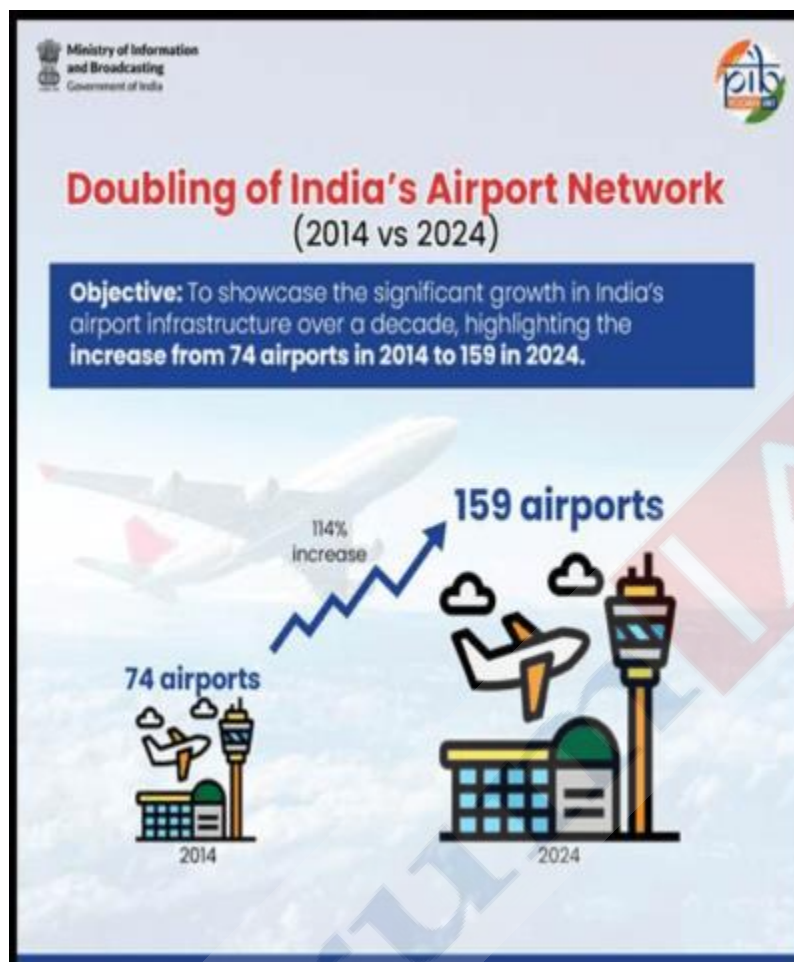
Status of India's Aviation Sector

- India recorded **376.43 million air passengers in FY24**, growing at **15% YoY**, with daily passengers crossing **5 lakh** in 2024.
- The sector contributes **5% to GDP**, supports **4 million jobs**, and adds **\$72 billion in gross value** to the economy.
- Fleet strength stands at **941 aircraft (2025)**, while **162 airports** (up from 74 in 2014) are operational, with metro capacity targeted to reach **468 MPPA**.
- India handled **3,365.65 MMT air cargo in FY24**, strengthening logistics and e-commerce supply chains.
- India leads globally in gender diversity with **15% women pilots** (3× global average).
- Sustainability advances include **73 airports using 100% green energy**.

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Potential of India's Aviation Sector

- **High-growth market:** Aviation market set to expand from **\$14.78 bn (2025)** to **\$26.08 bn (2030)** at **12% CAGR** (IATA).
- **Balanced regional development:** Enhanced connectivity in the **North-East and aspirational districts**.
- **Tourism multiplier:** Aviation drives hospitality, transport, and local economies.
- **Aerospace & MRO expansion:** Rising fleet enables growth of indigenous **MRO and aerospace manufacturing**.
- **FDI & infrastructure expansion:** Nearly **\$3 bn FDI**, large Greenfield projects (Navi Mumbai, Jewar).
- **High skill demand:** Need for **10,900 pilots by FY30** along with engineers and crew.



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Challenges in India's Aviation Sector

- **Grounded Fleet:** Over 160 aircraft (~25%) grounded due to financial stress, OEM delays, and safety issues.
- **Market Duopoly & Financial Stress:** IndiGo (60%) and Tata Group (20%) dominate; airlines may face \$1.6–1.8 bn losses (FY24).
- **High ATF Taxes:** 40–50% tax burden among the highest globally raises operating costs.
- **Regulatory Bottlenecks:** Outdated frameworks (now replaced) like the **Aircraft Act 1934**; airport monopolies limit competition.
- **Low Per-Capita Air Travel:** 0.13 seats per capita, far below China (0.49) and Brazil (0.57).
- **Crew & Technical Shortages:** Pilot, engineer, and cabin crew deficits cause flight delays and operational disruptions.
- **Connectivity Gaps:** Tier-2/3 cities remain underserved despite UDAN.
- **Environmental Pressure:** Compliance with CORSIA, need for greener fuels and technologies.
- **Operational Risks:** Accidents (e.g., Air India crash in Ahmedabad) highlight safety concerns.

- **Unrealistic Airline Expansions:** Failures of Jet Airways, Kingfisher, Go First due to inflated growth plans.

[Read more about Growth & Innovation in Aviation Sector in India](#)

Government Initiatives for Aviation Sector in India

National Civil Aviation Policy (NCAP)	Expands international operations ; boosts MRO; promotes market liberalisation and regional connectivity.
UDAN Scheme	Enhances regional air connectivity ; 619 routes, 88 airports operational; expanding to 120 new destinations .
DigiYatra	Paperless, biometric-enabled seamless passenger processing.
Open Sky Policy	Liberalises airport sector; major airports under PPP mode; boosts private participation .
Open Sky Air Service Agreements	Allows unlimited flights between partner countries ; enhances bilateral air traffic.
FDI Policy	100% FDI for greenfield airports ; 74% automatic route for brownfield; boosts private investment.
Tax & Duty Exemptions	10-year tax exemption for airport projects; full customs exemption for MRO services.
GAGAN Navigation System	Satellite-based augmentation enhancing precision navigation and flight safety.
Bhartiya Vayuyan Adhiniyam (2024)	Modernised aviation regulation; replaced Aircraft Act 1934 ; aligned with global standards.
Protection of Interest in Aircraft Objects Bill	Aligns leasing laws with global norms; reduces aircraft leasing costs .

7 PM Daily Initiative

NABH Nirman	Expands airport capacity ; modernises infrastructure across major airports.
Krishi Udan	Enhances air transport of perishable agricultural goods for farmers .

Budget 2025-26: Provisions for the Aviation Sector

Strengthening Regional Connectivity: The Budget expands the **UDAN scheme**, targeting **120 new destinations** and aiming to attract **4 crore additional passengers** over the next decade.

Airport Infrastructure Development: Major upgrades include the expansion of **Patna Airport** and development of a **brownfield airport at Bihta (Bihar)**, alongside continued support for Greenfield airport projects nationwide.

Support for Smaller Airports: Increased focus on **helipads and small airports** in hilly, Northeastern, and aspirational districts to improve last-mile air connectivity.

Budgetary Allocations: The Ministry of Civil Aviation receives **₹2,400.31 crore**, slightly reduced from the previous year's allocation of ₹2,658.68 crore.

UDAN funding lowered to **₹540 crore** (from ₹800 crore), indicating a shift towards efficiency-driven implementation.

Policy Continuity: Infrastructure push aligns with broader reforms such as leasing at **GIFT City**, DigiYatra expansion, and airport modernization efforts under **NABH Nirman**.

Way Forward

- **Infrastructure Expansion:** Build new airports, expand metro hubs, modernize regional airports.
- **Strengthen Regional Connectivity:** Deepen UDAN, boost last-mile air links in hilly and NE regions.
- **ATF Tax Reform:** Bring ATF under **GST** to reduce operational costs.
- **Fleet & Manufacturing Push:** Boost leasing at GIFT City; scale up MRO and aerospace manufacturing.
- **Improve Global Competitiveness:** Strengthen bilateral agreements; develop India as a **global transit hub**.
- **Sustainable Aviation:** Promote **SAF**, carbon-neutral airports, and energy-efficient technologies.
- **Skill Development & Safety:** Expand aviation training institutes; strengthen DGCA oversight.
- **Digital Air Travel Ecosystem:** Enhance DigiYatra, AI-based traffic management, and paperless systems.

Conclusion

India's aviation sector is at a pivotal moment shifting from a **capacity-constrained market** to a potential **global aviation hub**. Ensuring **affordability**, expanding **connectivity**, **modernising infrastructure**, **rationalising fuel taxes**, and promoting **sustainability** will be central to harnessing India's enormous demand. With continued reforms and resilient operational planning, India can transform its aviation

ecosystem from merely “moving vehicles” to “moving people”, driving **inclusive economic growth and global competitiveness**.

