

# Industry Insight

# *Civil Aviation*

July 2008



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## PREFACE

Indian civil aviation industry is one of the most dynamic and fast growing industries. The air traffic in terms of passenger and cargo movement have increased by an impressive CAGR of 19.14% and 9.91% during the period from 2003-04 to 2007-08. Also the movement of aircraft from and to India has also more than doubled during the same period. The fleet size of Indian aviation industry has also grown by 23.77% during the period from May, 2005 to April, 2008. The growth of the aviation industry can be attributed to factors such as buoyant economy, higher disposable incomes, increase in corporate travels, growth in spending on leisure/ tourism-related travels, wider availability of low fares, etc.

However, there are host of factors that hamper the growth of the industry like capacity and infrastructure related constraints, rising fuel cost, taxing the industry, unfair price war between carriers, etc. A number of measures related to the aviation infrastructure has been taken up like development of capital intensive greenfield airports under PPP mode, modernisation of Delhi and Mumbai as well as non-metro airports, etc to address the infrastructure issues. Consolidation drives in the industry are expected to provide the benefits such as increased economies of scale, rationalization of resources, and prevent further losses in the coming years. Corrective measures such as rationalization of tax on ATF and rationalization of ticket pricing need to be pursued to put the Indian aviation industry on the path of sustainable growth.

The report provides an in-depth analysis of the Indian aviation industry, growth and trends, aviation infrastructure, future outlook, etc. It sheds light on various regulatory bodies that regulate the industry, various regulations, Government's policy, requirements for various air service providers, international conventions and regulations, etc. The report includes brief profile of major players of the industry. It also discusses various factors that drive the industry growth as well as the issues and challenges that affect the industry. The report will be useful for the industry professionals, researchers and consultants. It will also be useful for students who pursue education in aviation ancillary services like stewardships, etc.

**No of Pages: 100**

**No of Figures: 14**

**No of Tables:13**

# CONTENTS

## Executive Summary

### Highlight

#### 1. Global Aviation Industry – Industry Overview

- 1.1. Introduction
- 1.2. Global Air Passenger Growth Trends
- 1.3. Global Air Cargo & Its Movement
- 1.4. Overview of Regulation of Civil Aviation – global perspectives
- 1.5. Major players in the Global Civil Aviation
- 1.6. Growth Drivers
- 1.7. Issues & Challenges
- 1.8. Future Outlook

#### 2. Aviation Industry in India - An Overview

- 2.1. Introduction
- 2.2. Growth of Air passenger traffic
  - 2.2.1. Passenger category-wise air traffic (FY03-FY08)
- 2.3. Future projection of air passenger traffic
  - 2.3.1. passenger category-wise air traffic projection (FY09-FY13)
- 2.4. Air Cargo Market – Opportunities & Performance
- 2.5. Trends in air craft movements
- 2.6. Airport Infrastructure Status
- 2.7. Recent Industry Trends
  - 2.7.1. Mergers and Acquisitions
  - 2.7.2. Heralding of era of e-ticketing
  - 2.7.3. Emergence of regional air carriers
- 2.8. Aviation Services
- 2.9. Employment Opportunities
- 2.10. Institutions/ Vocational Training Institutes in Industry
- 2.11. Marketing Strategies Adopted by Air lines

#### 3. Policy Framework

- 3.1. Airport Infrastructure Policy
  - 3.1.1. Categories of Airports
  - 3.1.2. Procedure Guidelines for setting up of Greenfield Airports
- 3.2. Domestic Air Transport Policy
  - 3.2.1. Categories of Air Transport Services
  - 3.2.2. PPP in Airport Infrastructure
  - 3.2.3. Foreign Equity Participation in Air Transport Services
  - 3.2.4. Requirements for Becoming Air Cargo Operator
  - 3.2.5. Procedure for starting Scheduled/Non Scheduled Air Transport Services
  - 3.2.6. Route Dispersal Guidelines
- 3.3. International Conventions
- 3.4. Bilateral Agreements
- 3.5. Aviation Security (AVSEC) Law & Policy
  - 3.5.1. Air Craft Act - 1934
  - 3.5.2. Air Craft Rules – 1937

- 3.5.3. Anti-Hijacking Regulation
- 3.5.4. Aircraft Safety Regulation
- 3.6. Operation of Charter Flights under Inclusive Tour Packages (ITPs)
- 3.7. Contract for Carriage of Goods by Air Act

#### 4. Role of Regulatory Agencies in Civil Aviation

- 4.1. Role of State & Central Governments
- 4.2. Ministry of Civil Aviation
- 4.3. Director General of Civil Aviation
- 4.4. Bureau of Civil Aviation Security
- 4.5. Airports Authority of India
- 4.6. International Air Transport Association (IATA)
- 4.7. International Civil Aviation Organization

#### 5. Major Players

- 5.1. Public Carriers
  - 5.1.1. National Aviation Company of India Limited (merged company between Air India and Indian Airlines)
- 5.2. Private Carriers – Full service Airlines & Low Cost Airlines
  - 5.2.1. IndiGo
  - 5.2.2. Go Air
  - 5.2.3. Kingfisher Airlines
  - 5.2.4. SpiceJet Airlines
  - 5.2.5. Jet Airways
  - 5.2.6. Paramount
  - 5.2.7. Charter Airlines
  - 5.2.8. Full Cargo Airlines
- 5.3. Major Foreign Airlines Operating in India

#### 6. Growth Drivers

- 6.1. Economic Growth
- 6.2. Global Trade
- 6.3. Corporate Trend
- 6.4. Liberalisation & Deregulation
- 6.5. Foreign Direct Investment
- 6.6. Information Technology & E-Commerce

#### 7. 7 Issues & Challenges

- 7.1. Capacity constraints
- 7.2. Passenger & Traffic Congestion
- 7.3. Fuel costs
- 7.4. Taxation
- 7.5. Aviation Security
- 7.6. Skill Availability
- 7.7. Specific Issues & Challenges for Low Cost Airlines

#### 8. Outlook

#### 9. Annexure

- 9.1. Annexure on regulations
- 9.2. List of Abbreviations
- 9.3. Bibliography

## LIST OF FIGURES

- Figure 1.1: Global air passengers traffic in 2007  
 Figure 1.2: Region-wise air traffic trends in 2007  
 Figure 1.3: Trends in Air cargo movements in 2007  
 Figure 1.4: Region-wise air traffic growth demand during 2006-2011  
 Figure 2.1: Category-wise air passenger traffic in India during FY03-FY08  
 Figure 2.2: Passenger category-wise air traffic projection (FY09-FY13)  
 Figure 2.3: Aircrafts movement in India during FY03-FY08  
 Figure 2.4: Projection of aircrafts movement in India (FY09-FY13)  
 Figure 2.5: Air cargo traffic in India during FY03-FY08  
 Figure 2.6: Projection of Air cargo traffic in India (FY09-FY13)  
 Figure 2.7: Industry value chain  
 Figure 3.1: Sequence of signing agreements for setting up of greenfield airports  
 Figure 5.1: Market share of airlines in India (as of June, 2007)  
 Figure 6.1: Growth trends in GDP in India during FY03-FY08

## LIST OF TABLES

- Table 1.1: Major players in Global Civil Aviation in terms of revenue in 2007 (US\$ bn)  
 Table 3.1: Routes under category-I (routes connecting directly)  
 Table 5.1: National Aviation Company of India Limited  
 Table 5.2: Jet Airways (Including the subsidiary JetLite)  
 Table 5.3: Kingfisher Airlines (Merged entity of Kingfisher airlines and Deccan Airlines)  
 Table 5.4: GoAir Airlines  
 Table 5.5: IndiGo Airlines  
 Table 5.6: Paramount Airlines  
 Table 5.7: SpiceJet Airways  
 Table 5.8: Taj Air  
 Table 5.9: Deccan Aviation  
 Table 5.10: Air Charters India  
 Table 5.11: Blue Dart Aviation