Airport Operators Owning Airlines: Market Access, Fair Play and Regulatory Concerns

July 25, 2026 • vajiramandravi.com

Airport Operators Owning Airlines Latest News

- The Centre is reportedly weighing policy relaxations that could allow Indian airport operators to own airlines. Preliminary internal discussions are underway, though nothing is finalised.
- Such a move could open the door for airport operators like the Adani group and GMR group to enter the airline business.

Background of the Discussion

- Initial talks on cross-ownership reportedly followed the Adani group's request for an enabling policy environment, though Adani Enterprises has denied evaluating any airline entry proposal.
- The government has been pushing for more airlines in Indian skies, given that IndiGo and the Air India group together hold over 90% of the domestic market share — a near-duopoly.
- The stated objective behind exploring this policy shift is to foster greater competition in the aviation sector.

Current Regulatory Restrictions

- India currently imposes strict limits on cross-ownership between airports and airlines:
  - Operators of India's largest airports — Delhi (GMR, 74% stake) and Mumbai (Adani group, 74% stake) — are barred from owning **more than 10%** in any scheduled carrier.
- The **reverse restriction** also applies: airlines face strict limits on owning airports.

The Core Concern: Conflict of Interest

- Experts warned that allowing airport operators to run airlines would create a **"massive conflict of interest"** against consumer interests.

Key risk areas

- **Slot allocation**: If an airport operator also runs an airline, and is simultaneously the slot coordinator, there is inherent conflict in allocating prime slots between its own airline and competitors.
- **Infrastructure access**: Airlines depend on airports for critical facilities — parking bays, check-in counters, aircraft stands, boarding gates, and ground handling. Any perceived favouritism, even unintentional, could trigger anti-competitive practice allegations.
- Experts note that even without actual discrimination, the *appearance* of unequal treatment undermines stakeholder confidence — a key concern for anti-trust regulation, which focuses on maintaining a level playing field, not just proven wrongdoing.

The Counter-Argument: Capital and Efficiency

- Experts acknowledge the rationale behind considering this move:
  - **Capital access:** New airlines often cannot sustain losses for years against dominant incumbents, but well-capitalised airport operators like Adani and GMR can absorb such risk.
  - **Efficiency argument:** Since airport revenues increasingly depend on passenger footfall, an airport-owning-airline model could incentivise more flights at lower fares rather than fewer at higher fares.

Global Practices

- Aviation regulators worldwide have generally favoured keeping airports and airlines operationally separate:
  - **West Asia**: In hubs like Dubai, Abu Dhabi, and Doha, airports and airlines are government-owned but remain distinct corporate entities (e.g., Dubai Airport and Emirates; Etihad and Abu Dhabi airport).
  - **Singapore**: Changi Airport and Singapore Airlines are linked via state investment but maintain separate management and regulatory oversight.
  - **Key distinction**: These hub models operate in markets with negligible domestic air traffic and no domestic competition — unlike India, where airlines are largely private and domestic competition is significant.
  - **European Union**: Enforces some of the world's strictest competition rules, mandating that airport slot coordinators remain functionally independent from any interested party.

    - **United States**: Most major airports are owned by city/county governments or independent authorities. Federal Aviation Administration grant assurances prohibit airport discrimination among airlines and bar airport revenue from being invested in airlines.
- India's market structure — dominated by private airlines and increasingly private airport operators — makes it structurally closer to Europe than to the West Asian or Singapore hub models.

Safeguards Needed, If Policy Changes

- Experts recommend a watertight regulatory framework, including:
    - Structural separation between airport and airline businesses
    - Independent boards and management teams for each entity
    - Strict protection of carriers' commercially sensitive information
    - Independent airport slot coordinators
    - Transparent gate and terminal allocation policies
    - Enhanced oversight by regulators — the Airports Economic Regulatory Authority of India (AERA), Directorate General of Civil Aviation (DGCA), and the Competition Commission of India (CCI)

Conclusion

- Allowing airport operators to own airlines could inject much-needed capital and competition into India's airline duopoly, but it risks compromising the neutrality airports must maintain as shared infrastructure.
- Any policy shift will need robust structural and regulatory safeguards to prevent the natural monopoly of airports from tilting the competitive playing field in aviation.

Source: IE | MC
