

## Four New Regional Airlines in India: Why Success Is Uncertain Despite NOCs

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### Regional airlines Latest News

- The Ministry of Civil Aviation has issued no-objection certificates (NOCs) to two new regional airlines—**AI Hind Air** and **FlyExpress**—bringing the total number of proposed regional carriers to four.
- Two others, **Air Kerala** and **Shankh Air**, received NOCs last year but are yet to secure Air Operator Certificates (AOCs) and begin flights.
- While the government is keen to expand domestic aviation in one of the world's fastest-growing markets, the regional airline segment remains high-risk, with a history of more failures than successes.

### What an NOC Allows—and How It's Granted

- Issued by the Ministry of Civil Aviation, an NOC lets applicants set up offices, hire staff, and pursue further approvals.

- It's granted after assessing financial soundness, operational plans, and security clearances, and is typically valid for **three years**.

## Duopoly Worries After IndiGo Disruption

- The announcement of new regional airlines comes weeks after a major operational disruption at IndiGo, which renewed concerns about India's airline duopoly.
- Together, IndiGo and the Air India group command over 90% of the domestic market, heightening risks from over-concentration.
- In this context, the NoC is being read as a signal to encourage competition, though experts urge caution.

## New Entrants Unlikely to Shift Market Shares

- While fresh regional players are a positive signal, experts doubt they will significantly dent the dominance of the two majors.
- The tougher question is whether these startups can survive India's unforgiving aviation economics.

## The New Regional Players

- **AI Hind Air:** Backed by the Kerala-based AI Hind Group; plans a regional commuter model using ATR-72 turboprops.
- **FlyExpress:** Plans yet to be detailed publicly.
- **Air Kerala:** Envisions an ultra-low-cost carrier (ULCC) connecting tier-2 and tier-3 cities to major hubs with turboprops; despite an NOC last year, it has struggled to induct aircraft—required for an AOC from the Directorate General of Civil Aviation.
- **Shankh Air:** Promoted by UP-based entrepreneur; aims to operate regional routes within and beyond Uttar Pradesh from the upcoming Noida International Airport, with operations planned in the coming months.

## Why Regional Airlines Struggle in India

- Despite a few successes—**Star Air**, **Fly91**, and government-owned Alliance Air—India's regional aviation space has seen many collapses.
- Past failures include Paramount Airways, Air Pegasus, TruJet, Zoom Air, Air Carnival, Air Costa, Air Mantra, and Air Odisha.
- More recently, Fly Big suspended operations in October.

## Structural Challenges in the Market

- India is a tough aviation market, especially for small carriers.
- High price sensitivity, thin profit margins, high debt, and dollar-denominated costs (fuel, leasing, maintenance) favour large airlines with scale, efficient fleets, and deep pockets.
- Most regional airlines lack the financial resilience to withstand shocks.

## Demand Constraints at Smaller Airports

- Regional routes often suffer from limited and seasonal demand, while most passenger traffic remains concentrated at major hubs.
- This makes load factors volatile and route planning risky for small carriers.

## **Financing and Revenue Limitations**

- Without backing from a major airline group, regional carriers struggle to access finance and debt, as lenders perceive higher risk.
- Short-haul routes also face stiff competition from trains and road transport, and offer fewer opportunities for ancillary revenues like belly cargo.

## **What Could Improve Viability**

- There is cautious optimism that a growing, upwardly mobile middle class could improve regional airline prospects.
- Success will hinge on lean operations, serving genuinely underserved regions, building dominance in specific geographies, and—crucially—strong financial backing to sustain operations through inevitable downturns.

**Source:** IE | LM

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