

India's Aviation Sector at a Crossroads - Explained

February 11, 2026 • vajiramandravi.com



Aviation Sector Latest News

- India's aviation sector is under scrutiny following repeated operational disruptions, safety incidents, and declining service reliability among major airlines.

Overview of India's Aviation Sector

- India has emerged as the **world's third-largest domestic aviation market**, operating over **840 aircraft** and carrying more than **350 million passengers annually**.
- Rapid growth in air travel demand has been driven by rising incomes, regional connectivity initiatives, and fleet expansion by private carriers.
- However, this expansion has increasingly exposed structural weaknesses related to manpower, regulation, and market concentration.
- While the sector contributes significantly to economic integration and mobility, its current growth trajectory appears overstretched, raising concerns about sustainability, safety, and passenger welfare.

Operational Disruptions and Safety Concerns

- The past year witnessed **multiple operational failures**, including mass flight cancellations, prolonged delays, and safety-related incidents.
- A major disruption in December involving IndiGo acted as a failed “stress test” for the system, revealing vulnerabilities that go beyond a single airline.
- These incidents were not isolated but indicative of **system-wide constraints**, with airlines operating close to their maximum capacity.
- The rising frequency of safety notices issued by the aviation regulator points to deeper compliance and oversight challenges.

Pilot Shortage and Flight Duty Time Constraints

- One of the most critical structural challenges is the acute shortage of trained pilots. India’s aviation expansion has outpaced its training capacity.
- New **Flight Duty Time Limitation (FDTL)** norms, which mandate longer rest periods and reduced night operations, have made existing airline schedules difficult to sustain.
- Major airlines operate with a pilot-to-aircraft ratio significantly below global benchmarks, increasing fatigue risks and operational fragility.
- While India may require 25,000-30,000 pilots over the next decade, licensing and training bottlenecks have constrained supply, forcing airlines to rely on costly and limited foreign pilots as stopgap measures.

Regulatory Capacity and Oversight Gaps

- Regulatory stress has compounded operational issues.
- The aviation regulator faces significant staff shortages, with a large proportion of technical positions vacant despite rapid sectoral growth.
- In practice, disruptions have often been managed through ad hoc exemptions rather than strict enforcement of safety norms.
- This approach reflects a shift toward crisis management instead of preventive regulation, weakening long-term institutional capacity and undermining confidence in oversight mechanisms.

Market Concentration and the Aviation Duopoly

- India’s domestic aviation market is highly concentrated, with **two airline groups controlling nearly 90% of passenger traffic**.
- This level of concentration transforms dominant carriers into systemically important entities whose failures directly impact national connectivity.
- On a majority of domestic routes, only one airline operates. Consequently, disruptions do not result in passenger redistribution but in the **complete loss of connectivity**, particularly affecting smaller cities and time-sensitive travel.

Entry of New Regional Airlines

- To address concentration and improve connectivity, the government has approved new regional airlines aimed at serving underserved routes.
- These entrants align with the objectives of the **UDAN scheme**, which has expanded regional air access across multiple States.
- However, past failures of regional airlines highlight persistent challenges such as high fuel costs, weak demand, infrastructure gaps, and intense price competition.
- Without sustained policy support, such as assured subsidies, better airport infrastructure, and relief from fuel price volatility, new entrants risk inheriting the same fragilities.

Structural Challenges and Fuel Price Volatility

- Aviation Turbine Fuel (ATF) remains one of the biggest cost drivers for Indian airlines.
- Prices are linked to global oil markets and currency fluctuations, exposing carriers to external shocks.
- Combined with thin profit margins, this volatility has historically contributed to airline failures.
- Globally, airlines maintain spare crew and capacity buffers to absorb shocks. Indian carriers, by contrast, operate at near-total utilisation, allowing minor disruptions to cascade across networks.

Source: TH

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