

We raise our hands only to say
Namatse



AIR INDIA

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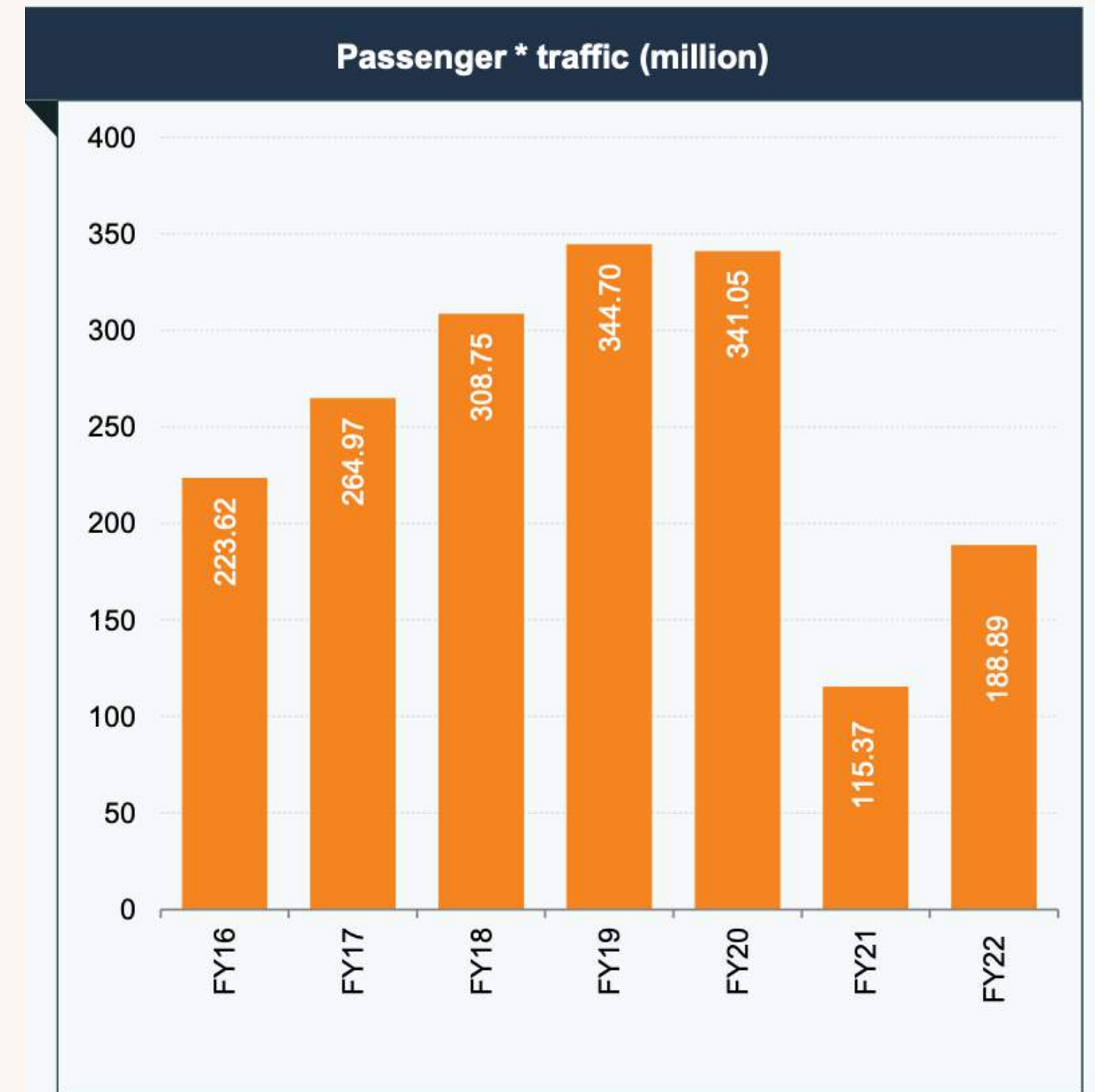


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AVIATION INDUSTRY IN INDIA

- a. The civil aviation industry in India has emerged as one of the fastest-growing industries in the country during the last three years.
- b. India is currently the 7th largest civil aviation market in the world and is expected to become the 3rd largest civil aviation market within the next 10 years.
- c. India is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years, by 2030, according to the International Air Transport Association (IATA).

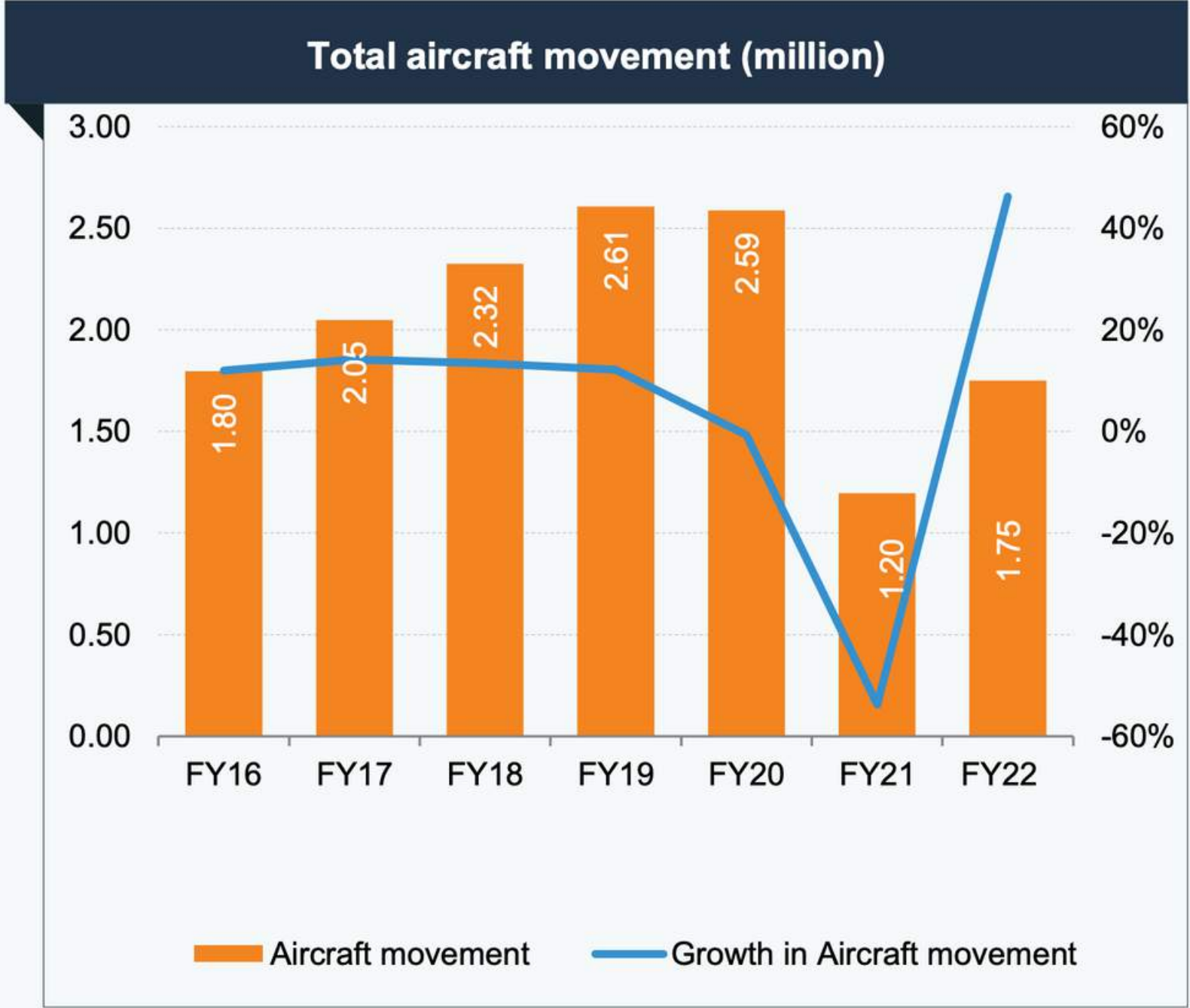


d. Passenger traffic stood at 76.47 million in the first quarter of FY 2022-23.

e. By 2036, India is projected to have 480 million flyers, which will be more than that of Japan (just under 225 million) and Germany (over 200 million) combined.

f. In FY 2021-22, passenger traffic (International + Domestic) stood at 188.89 million.

g. Domestic passenger and international passenger traffic declined at a CAGR of -0.21% and -14,04%, respectively, from FY16 to FY22.



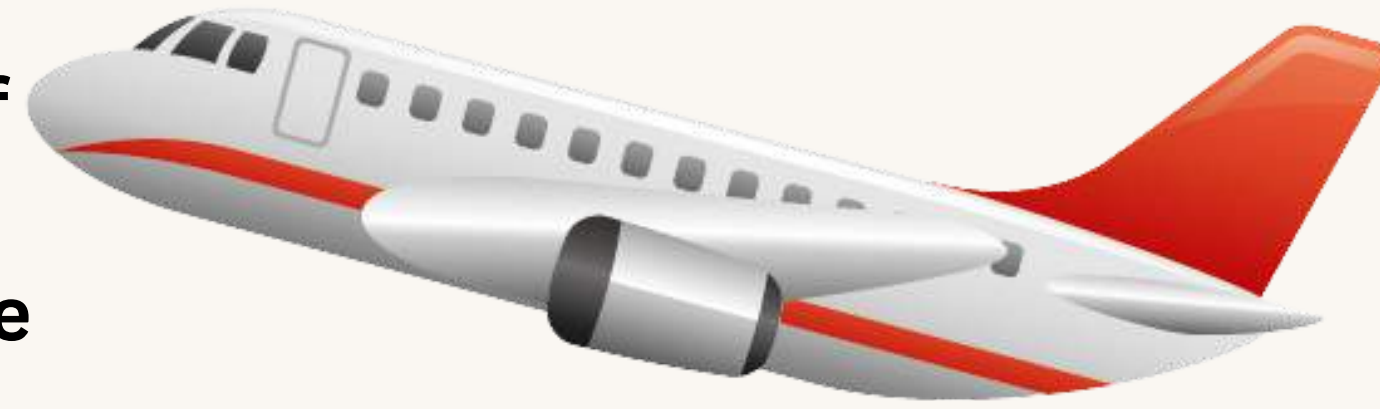
AIR INDIA



Air India originated as Tata Air services founded by J.R.D Tata of Tata Sons in 1932. The airline serves about 102 domestic and international destinations. Air India is the largest international carrier in India with a market share of 18.6% serving over 60 international destinations across 4 continents.

History of Airline : The airline started its journey by delivering weekly airmail service between Karachi and Madras via Ahmedabad and Bombay. In the first year of operation, the airline earned a profit of US\$750 (~62000) by delivering 9.72 tonnes of mail and carrying 155 passengers. Later Air India launched its first flight between Bombay to Trivandrum and later Columbo and Delhi were added to the destinations in 1938. In 1946 company became a publicly listed company under the name Air India.

Later in 1948 49% of the airline was acquired by the Government of India. In May 2004, Air India launched a wholly owned low-cost subsidiary called Air-India Express connecting cities in India with the Middle East and Southeast Asia.



In 2007 Air India and Indian Airlines were merged under Air India limited. The combined losses for Air India and Indian Airlines. In 2006–07 was ₹7.7 billion (US\$96 million) and after the merger, it went up to ₹72 billion (US\$900 million) by March 2009. Later In July 2009, the State Bank of India was appointed to prepare a road map for the recovery of the airline. Air India became a member of the star alliance in July 2014.

Due to the subsequent losses and decrease in revenue of the airline, In March 2018, the Government issued an Expression of Interest (EOI) to sell 76% stake of Air India, along with low-cost airline Air India Express, and a 50% stake of AISATS but no firm showed any interest in buying the airline later Government of India decided to sell 100% stake of AIR India and 50% of AISATS and on 8 Oct 2021 were sold for US\$2.3 billion(₹18,000 crore) to Tata Sons.

SWOT ANALYSIS



STRENGTH

Air India's USP
Facilities that differentiate Air India from other Airlines.



WEAKNESSES

Things that Air India Lacks Behind
What other competitive airline do better than Air India



OPPORTUNITIES

New Investment Opportunities for Air India to invest into.



THREATS

Emerging Competitors
Effects of global pandemic such as Covi-19.

STRENGTH

S

- Air India's fleet is composed of Airbus A319, A320, A320neo, and A321 as well as Boeing 777 and Boeing 787, making for a total of 112 aircraft.
 - Online ticketing, web-check in services and low prices.
 - Availability of Maharaja lounge for first and business class passengers.
 - Air India covers about 102 domestic and international destinations which include 60 international destinations across 4 continents.
- In-flight entertainment systems and on-demand in-flight entertainment systems in Boeing 777, 747 and 787 aircraft.
- Onboard meals on all international and domestic flights with a flight duration of over 90 minutes.

WEAKNESS

- **Weak financial position:** Air India has suffered from frequent losses over the past years which has led to the privatisation of the airline.
- **Growing competition base and introduction of low-cost carriers.**
- **Low profitability in Airline industry.**
- **Lack of clarity on the strategic direction is largely diluting brand capabilities.**

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OPPORTUNITIES

- India's airline industry is growing faster and will continue to expand as GDP increases.
- India is the 2nd largest country in terms of population hence Air India has a huge growth opportunity in the domestic market.
- Increased demand for tourism and deregulation certainly offer Air India international growth opportunities.
- Introduction of Low-cost carriers (LCC).

THREATS

- Increase in competitor base and introduction of low-cost carriers.
- Rising fuel and labour costs.
- Global pandemics such as Covid led to travel restrictions and a huge decline in the number of people choosing to travel.
- Declining market share of Air India.

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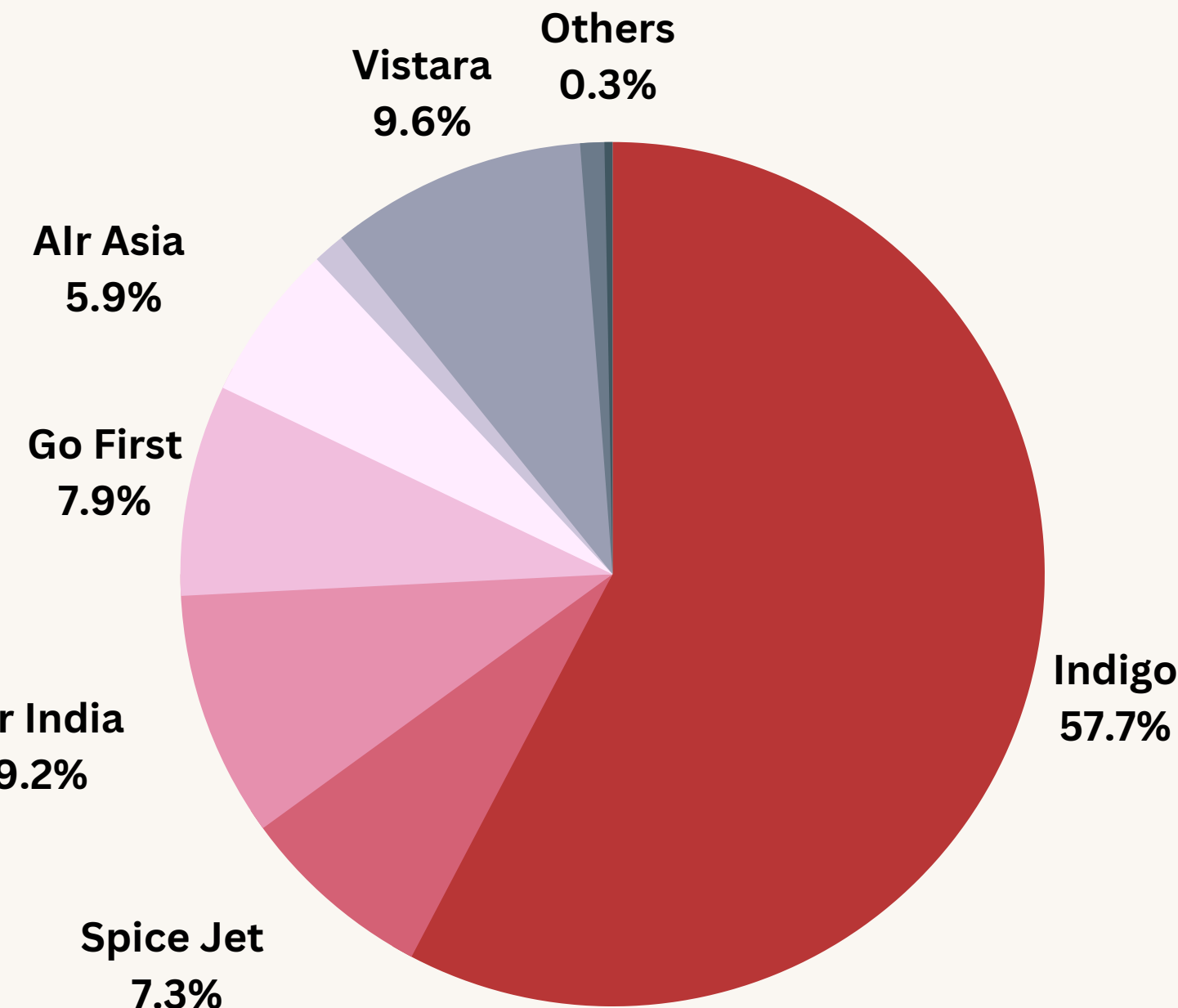
COMPETITOR ANALYSIS

The airline industry despite having huge capital investment and infrastructure costs is highly competitive.

There are nearly 15 airline operators in India, a combination of large and small regional players. The introduction of low-cost carriers put pressure on pricing and often leads to passing the hike to the customers hence operators now charge for services such as baggage, and seat selection. While this could help reduce costs and aid revenue. Indian airlines also face competition from the Indian railways as well, particularly with the introduction of fast trains.

Air India has a market share of 9.2% in the domestic market while

Air India is the largest international carrier out of India with an 18.6% market share



Market share of Airlines

KEY COMPETITORS

DOMESTIC MARKET

Indigo

SpiceJet

GoAir

Vistara

Alliance Air

JetLite

INTERNATIONAL MARKET

Emirates

Quatar Airways

Malaysia Airways

Singapore Airlines

British Airways

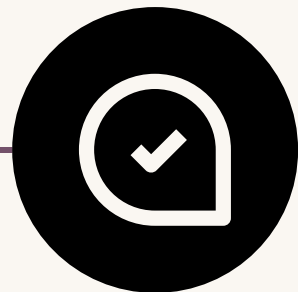
Qantas Airways

COMPANY'S PERFORMANCE

UNDER TATA

In October 2021 Air India along with Air Express was sold to Tata Group for Rs 18000 cr. Later On 27 January 2022, the airline was officially handed over to Tata Group. Campbell Wilson was appointed as the CEO of Air India in July 2022.

CUSTOMERS



Air India, managed to resolve issues like delays, and denial of boarding, among others, that had left flyers fuming. In June, it halved its complaints per 10,000 passengers to just two, compared with the same month last year. Airline Cleared 2.5 lakhs of historic refund cases worth Rs 150 crore which has led to a positive effect on customers.

OTP ★



In April, the airline was 6th in terms of on-time performance, and by September has improved that to 3rd overall, behind Vistara and Air Asia India.

PLF



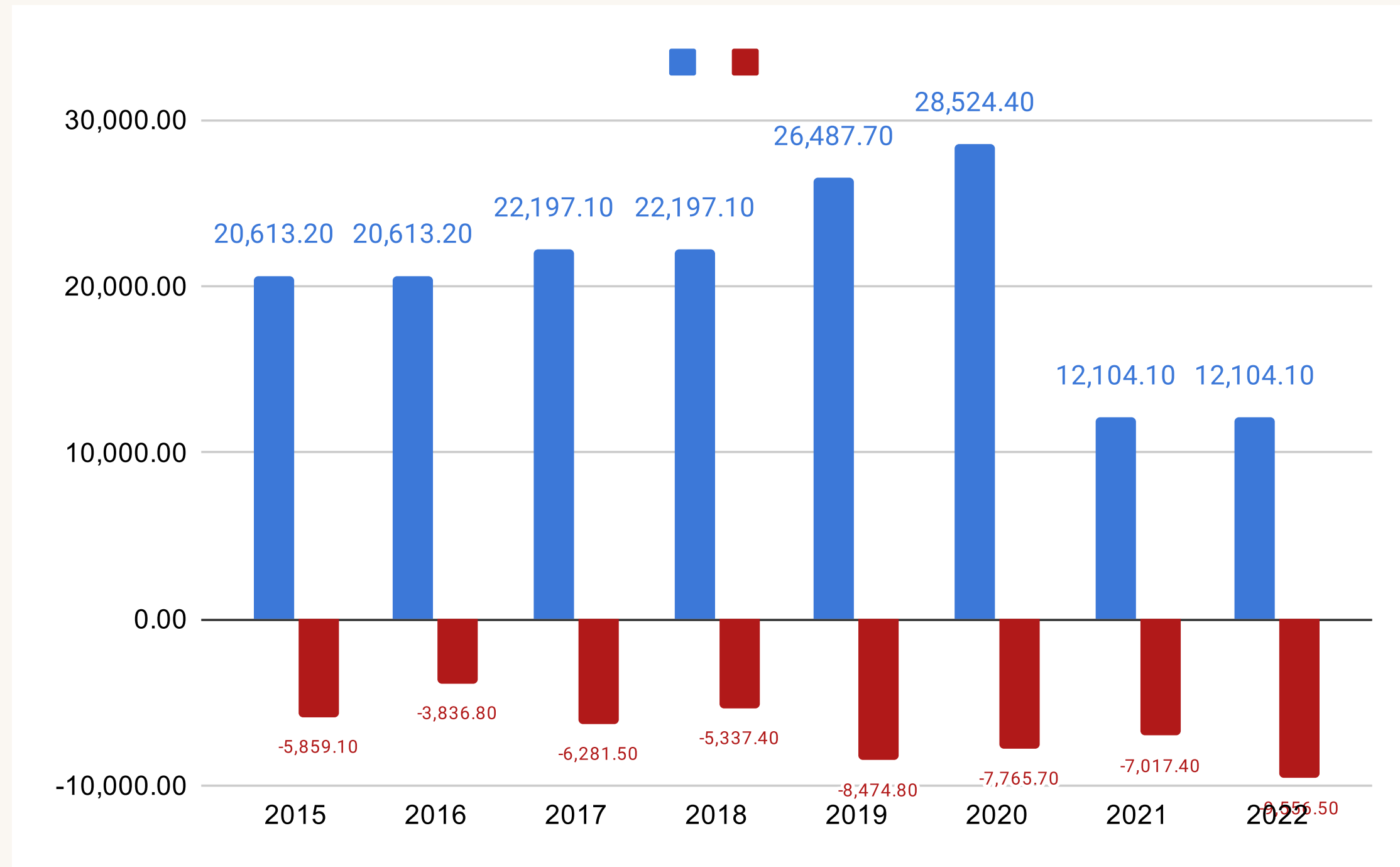
From February to June, Air India clocked an impressive 80% PLF (Passenger load factor) on its domestic services. During the same period last year, when it was under government control, its domestic PLF stood at 60 per cent.

FLEET



Over the past few months, the airline took 17 of its grounded aircraft to the skies and is also looking to get the 12 remaining grounded aircraft to the skies.

- Growing Aircraft fleet : In Sept 2022 30 new aircraft, including 25 Airbus narrow-body aircraft and five Boeing wide-body aircraft were leased.
- Tata group is merging Air India with Vistara, its joint venture with Singapore Airlines to create bigger full service carrier.



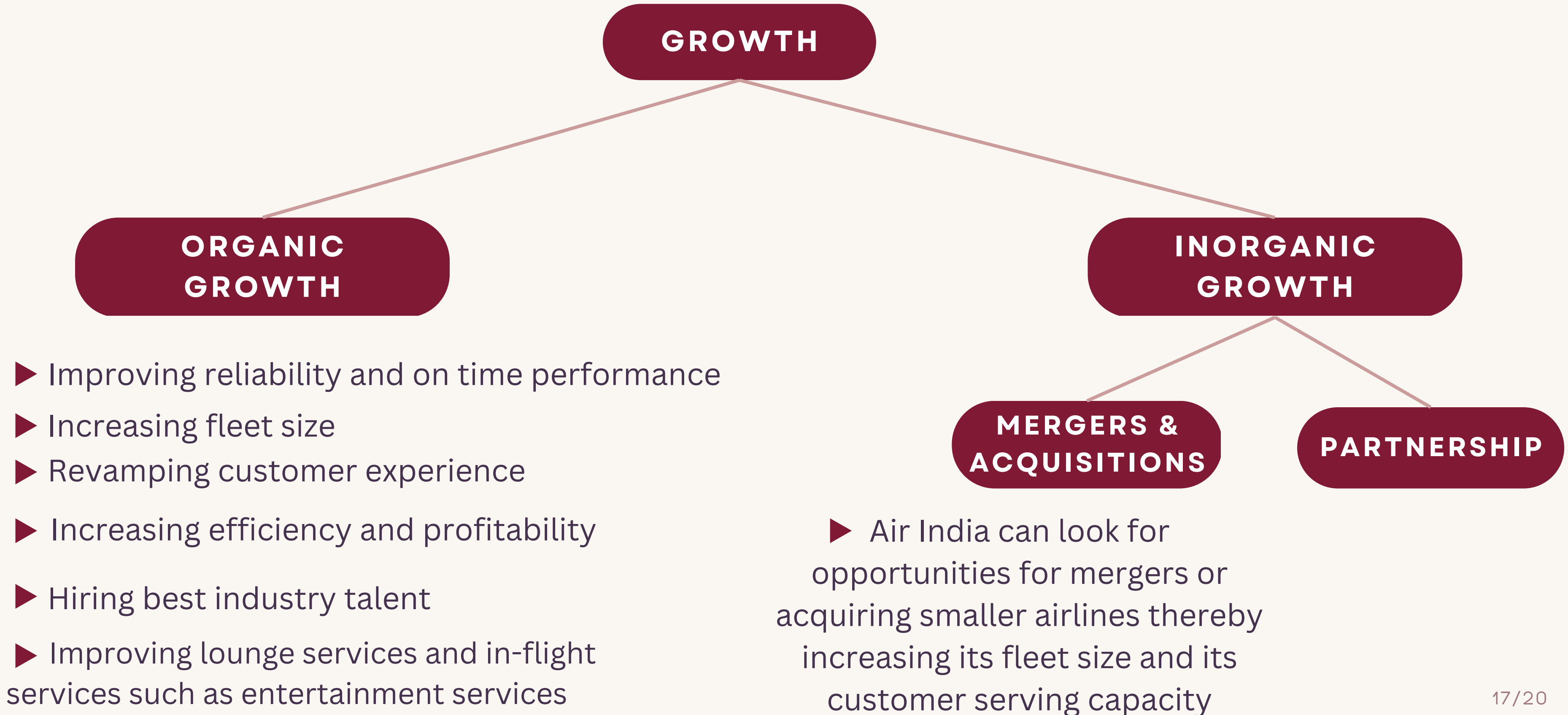
Revenue (₹ crore)

Loss (₹ crore)

ROOT CAUSE FOR DECLINE OF AIR INDIA

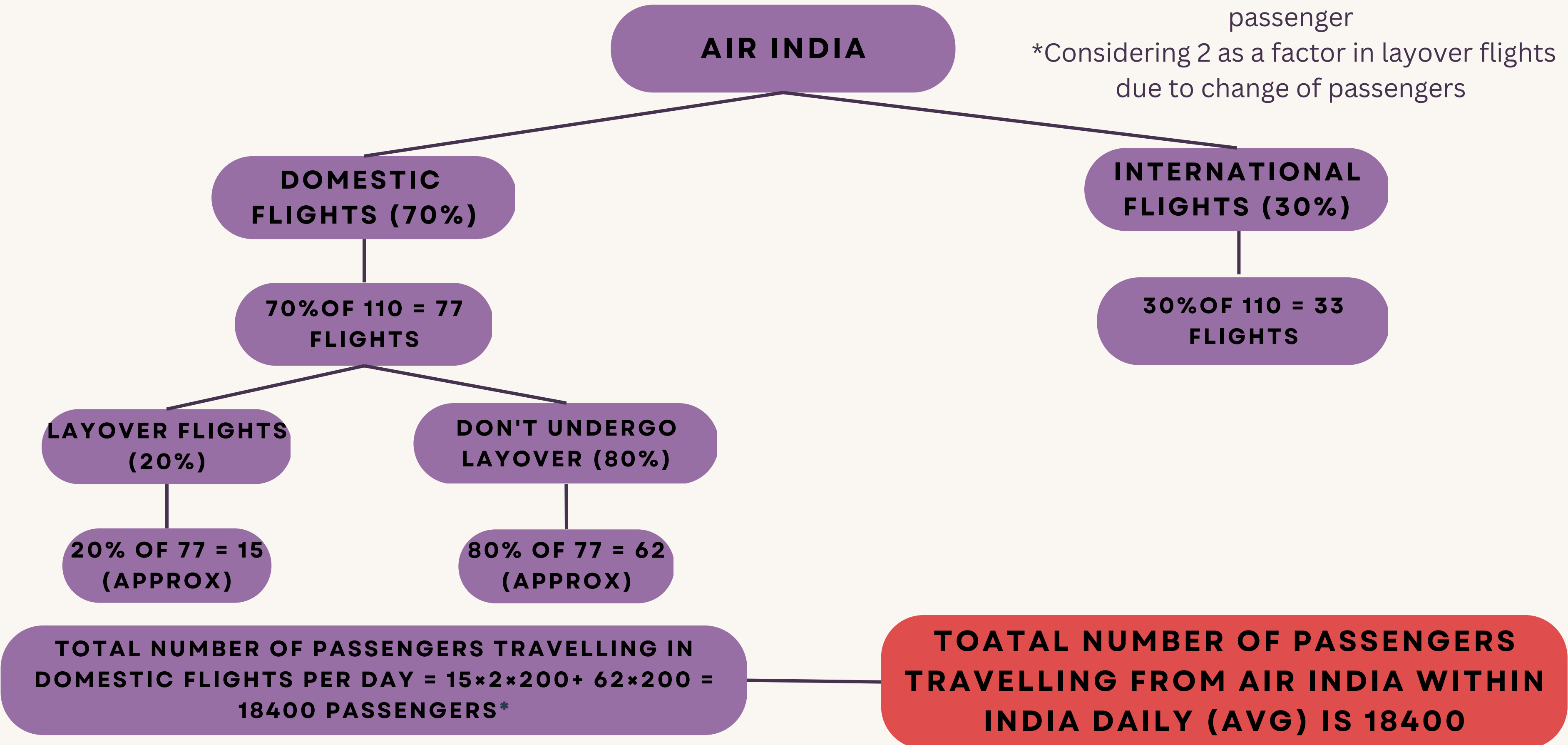
- ▶ **Merger:** In 2007 the government of India merged Air India with Indian Airlines. The merger between Air India and Indian Airlines has remained only on paper. The merger without employee lay-offs simply magnified problems like excess manpower, the company was spending almost one-fifth of its revenue on employee pay and benefits while other airlines traditionally spend only about one-tenth.
- ▶ **Economic crisis:** The 2008 global economic collapse lead to huge increase in operational cost as the fuel cost sky rocketed.
- ▶ **Ordering of new fleet:** The government's decision to order 111 airplanes for Air India and Indian Airline from Airbus and from Boeing for about Rs 70,000 crore in 2006 was taken without studying requirements and finally led to the huge financial burden on airline.
- ▶ **Decrease in passenger revenue:** Air India earned passenger revenue of Rs 15,773 crore, almost 20% lower than the projected Rs 21,297 crore in FY16. The failure to meet the target was despite meeting load factor targets which means that the airline lost revenue due to its own inefficiencies like lack of aircraft availability, faulty deployment and low utilisation of human resources.
- ▶ Increase fuel prices and airport usage charges as well as competition from low-cost carriers, a weakening rupee and the interest burden for its poor financial performance.

AIR INDIA GROWTH STRATEGY



GUESSTIMATE ?

Assumptions: Considering the fleet size of 110 aircraft
Average seating capacity per aircraft= 200 passenger
*Considering 2 as a factor in layover flights due to change of passengers



APPENDIX

- 1 [https://en.wikipedia.org/wiki/Air India](https://en.wikipedia.org/wiki/Air_India)
- 2 [Air India's history as Tata pours in money to revive the airline](#)
- 3 [TATA's Plan for Air India](#)
- 4 <https://www.ibef.org/industry/indian-aviation>
- 5 <https://groww.in/blog/airline-industry-in-india>



THANK YOU!