



AIR INDIA

Case Study on Air India

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CONTENT INDEX



AVIATION INDUSTRY

TIMELINE

SWOT

GUESSESTIMATE

PERFORMANCE

DOWNFALL

COMPETATIVE
ANALYSIS

Aviation Industry

Aviation industry is the business sector that manufactures, maintains, and operates the aircrafts and the airports. When it comes to aviation, there is a broad range of responsibilities within. It comprises activities at the airport as well as in the aircraft. It involves ground duties that are required to perform before the flight takes off, the activities during the flight, and the activities after it lands.

Aviation industries includes services and products designed for aircraft, yet they are more generally identified in this way - the aviation industry is in charge for the operation, flight, and flight management of commercial, military, government, and passenger aircraft. The Aviation industry develops, engineers, designs, tests out, and manufactures aircraft for military and civilian (commercial, airlines, law enforcement, surveillance) aviation needs.

Add a little bit of body text

Timeline Air India

J.R.D. Tata launches an airline name Tata Airlines

Airline introduces international services

govt merges both carriers, this ends up making losses

govt invites bids from investors for buying 76% stake but no one bids

Aviation ministry said we privatise or close an airline due to loss of 20cr every day

Tata sons win the bid and bring airline back to its fold

1932

1946

1948

2000s

2007

2013

2018

2020

2021

2021 sep

2021 oct

after WW II Tata Airlines gets rebranded as Air India

Domestic arm Indian airline goes through tough phase

civil aviation ministry says privatisation is key for survival

it again invites bids with flexibility for investors to decide on amount of debt they want to absorb

Tata group & SpiceJet founder put in financial bids

SWOT Analysis of Air India

STRENGTHS

- 1) Air India has been the largest air carrier in terms of traffic volume and company assets.
- 2) It owns the most updated fleet and component repairs and maintenance expertise.
- 3) Its information system are advanced and compatible with its operation and services.
- 4) It has a good reputation in both international and domestic markets, quality service and age old Goodwill that has still kept alive in interest of rescue operations

SWOT Analysis of Air India

STRENGTHS

- 5) Good advertising and branding has increased brand value.
- 6) the company has its presence in more than 20 countries.
- 7) Air India has approximately 55 destinations in INDIA
- 8) Online ticketing and low prices have increased the sales of Air India



SWOT Analysis of Air India

WEAKNESS

- 1) Financial crises leading to payment issues.
- 2) Air India is operating across broad international and domestic markets competing with world leading giant airlines as local airlines
- 3) Low profitability and utilization of capacity.
- 4) growing competitors base and entry of low cost carrier
- 5) labour problems is one of the cause of worry of Air India.

SWOT Analysis of Air India

OPPORTUNITIES

- 1) Dedicated set of customers can boost Air India's business
- 2) The company can benefit of routes and international destinations
- 3) Solving internal issues regarding workforce can hugely boost image
- 4) The number of foreign visitors and investors to India is increasing rapidly
- 5) Complementary industry like tourism will increase demand for airline services .
the civil aviation ministry's strong regulation and protection provides provides
opportunities for consolidation and optimization.
- 6) Customers are getting wealthier ,tend to be less price conscious and
prefer to choose quality over cost

SWOT Analysis of Air India

THREATS

- 1) Rising labour cost can increase Air India's business operations
- 2) Rising fuel cost directly impacts the running costs.
- 3) Losing market share due to other competitors is one of the threats.
- 4) Sometimes the price triggers by the domestic competitors leads to a lot of loss for the company.
- 5) The INDIAN RAILWAY MINISTRY has dramatically improved speed and services in their medium and long routes attracting passengers away from air services, with prices almost at par with low cost carriers.

GUESSTIMATE

Lets assume population of INDIA be 1.4 billion

Dividing the population as rich(9%),upper middle(16%),lower middle (40%),poor(35%).

Assuming only rich and upper middle class people afford travelling by flight.so total 25% people afford to travel i.e 0.25×1.4 billion we get 35 crores. in a calendar year.

Assuming there are 10 different airline companies and distributing number of passengers travelling equally among all airlines we get for air india as 3.5 crores passengers(Domestic&international) in a year.

GUESSTIMATE

Now 3.5 crores passengers are travelling in a year in Air India
Assuming 80% passengers are of domestic travellers so 2.8 crores
domestic travellers in a year.

For per day we divide 2.8 crores by 365 we get 76,712 passengers in a
single day .

76,712 passengers travel per day in Air India.

AIR INDIA'S PERFORMANCE (post takeover)

One of the most dramatic improvements has been noticed in Air India's passenger load factor (PLF) From February to June , Air India has clocked an impressive 80 per cent 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

After Tatas' takeover in January, the PLF on its international operations rose to 80 per cent, compared with 63 per cent in the corresponding period last year.

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AIR INDIA'S PERFORMANCE

(post takeover)

Air India's revenue rose 64% in fiscal 2022, but its net loss swelled by a third, showed latest regulatory filings by the airline that Tata Sons bought from the government earlier this year.

The airline posted net revenue of Rs19,815.9 crore during the year to March 31, 2022, on a standalone basis, with a net loss of Rs 9,556.5 crore. In FY21, it had reported a net loss of Rs7,017.4 crore on revenue of Rs12,104 crore



Down Fall of Air India

Air India involved in an acquisition spree in the early years. Nearly 111 aircraft were brought for a sum of 70,000 Crore. the airline was merged with Indian airlines. The move was aimed at increasing the synergy. However, despite the numerous efforts to jump out of losses, the airline only fell deeper and deeper into it. Equity of 48,212 crores was also introduced to deal with the losses

Another disastrous move was selling of 5 Boeing 777-200 below the estimated price to Etihad which made Air India incur a loss of 671 crores following the deal

While all this is on one side the increasing fuel costs started thinning the profit margin. Employee expenses, insurance, and retirement also contributed to the already increasing costs

Competitive Analysis

Whether the famous Maharaja mascot or the fact that the public sector undertaking is backed by the government and many others have collectively helped Air India to emerge as the largest international Carrier out of India. With more than 1400 pilots and 2100+ cabin crews, Air India is reaching out to more than 30 countries globally in addition to domestic locations.

Air India commands more than 16% market share through its international operations.

Cost structure plays a pivotal role in the operations and competitive landscape of the companies operating in the industry which consists of fuel, administrative cost, rental of flight equipment, ticketing sales & promotions, user charges, Pax services, flight crew Salary & expenses.

Competitive Analysis

Air India along with its wholly-owned Kochi based subsidiary Air India Express Limited (AIEL) compete with companies like

- Indigo
- Go Air
- Air Asia
- Akasha air
- Spicejet

