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STUDY OF SWOT ANALYSIS AND STRATEGIC INTERPRETATION OF INDIAN AVIATION INDUSTRY

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ABSTRACT

India the key market in the global aviation sector. With a growing population and the inclination towards the flying, the Indian civil aviation sector is going to witness the high growth in the upcoming years. The history and evolution of the industry gives major insights about the potential about the industry it has been holding right from the success of country's flag carrier to the current scenario of the airlines. The aviation industry is the fastest expanding industry in India. Bangalore is India's aircraft manufacturing powerhouse, accounting for roughly 65 percent of the country's manufacturing output. Indian Civil Airspace stretches over 2.8 million square nautical miles from Kuala Lumpur and Yangon to Pakistan and Muscat. The Indian civil aviation sector is critical to the country's economic growth and contributes to globalization. Civil aviation is a critical sector that helps businesses, trade, and tourism grow. There are 487 airports/airstrips in India, out of which AAI manages a total of 137 airports. Tourism industry encompasses several segments of visitor arrivals. In the past 25 years, the number of international tourists has more than doubled. Accessibility is the key function behind the basic elements of tourist transport. The expansion of international tourism has a major impact on the discipline of transport geography. India will be the world's third largest aviation market by 2024-25.

Keywords: Tourism industry, encompasses, globalization

INTRODUCTION

Indian aviation industry plays a vital role in the transportation industry of the country. The aviation market is expected aviation market as 3rd largest ranking by 2024.

The aviation industry has been potentially contributing to the economy, GDP, employment opportunities, investments and healthy competitiveness.

The Indian Aviation Industry is the rapid transportation network which majorly contributes to the economy, creates job opportunities and plays vital role in tourism. The study has conducted the SWOT analysis of the Indian aviation along with analyzing the impacts and challenges during and post covid. It also gives an overview of the strategies and possible way-outs for the aviation industry. To write this dissertation, the qualitative approach has been used. It is based on the secondary data.

The strategies and possible way outs have been discussed and analyzed and the aviation and its challenges post pandemic have been discussed.

Brief introduction of Indian Aviation industry

The Indian aviation industry has a promising future. The number of passengers, as well as the volume of goods and mail carried by airplanes, has increased significantly over the previous decade. The growth of air traffic has made the world appear very small. Because of the vastly increased contact facilities provided by air communication, different peoples around the world can now exchange their thoughts and ideas in a variety of spheres more frequently. And the more such facilities there are, the closer the world's nations' cultural and intellectual understanding will be.

In India, the aviation industry refers to the overall aviation industry. Civil aviation and military aviation are the two principal segments of the industry. The aviation industry is the fastest expanding industry in India, among many others. Bangalore is India's aircraft manufacturing powerhouse, accounting for roughly 65 percent of the country's manufacturing output. (Ibef,2022) The aviation industry's prospects are brightening as the number of people travelling by air continues to rise. The Indian aviation industry pays a total of more than INR 87.5 billion in taxes. Cargo carriers, airport management, private planes and helicopters, maintenance, repair and overhaul, in-flight cuisine, ground handling, and many more services are provided by India's aviation business. (Hitesh Bhasin,2019)

Tourism and Aviation

The term tourism is frequently associated with visitors who are on vacation. As explained below, the tourism industry encompasses several segments of visitor arrivals. Tourism is defined as activities involving people traveling to and staying in places outside of their usual environment for no more than one year for leisure, business, or other reasons. This would thus include:

Domestic tourism refers to residents of a country who travel only within that country for business or pleasure.

Non-residents visiting a given country for business, pleasure, or to visit friends and relatives is known as inbound tourism.

Outbound tourism refers to travel by Indian citizens to another country for business, pleasure, or employment. (Ijstm,2016)

The tourism industry and air transport complement each other. Tourism relies on transportation to bring visitors while the transportation industry relies on tourism to generate demand for its services. The growth of the tourism industry directly reflects air traffic. In the past 25 years, the number of international tourists has more than doubled. The expansion of international tourism has a major impact on the discipline of transport geography. Behavior drives growth and its impact on tourism. First, improved facilities have encouraged tourism, and the expansion of tourism has boosted transportation. Accessibility is the key function behind the basic elements of tourist transport. To reach the target areas in the first place, tourists will use any means of transport. However, air transport is the main form of international tourism. Air transport plays a major role in inter-regional tourist movements, often involving long distances. The growth rates of international air traffic are linked to the growth rates of international tourism. Attractive travel packages, competitive air tourists attract more and more tourists daily, so the industry is expanding rapidly.

SWOT Analysis of Indian Aviation Industry

STRENGTHS:

The strengths of an industry are mainly those things which make them unique in the industry and also keep them far ahead of their competitors.

Product Strength- For any successful business, this is one of the most common goals that plays a huge role in increasing the strength of the business. For the aviation industry in India, the product of air travel is growing every day. The increasing trend of flying has led to tremendous growth in the industry and the country's huge population plays the rest of the role.

Consolidation of the aviation industry- The Indian aviation industry is growing thanks to its alliance to drive its significant growth. Because of the synergy of a larger pool of investment, talent, and technology, the ongoing mergers and acquisitions also pave the way for the growth of the Indian aviation industry. It is a win-win situation for both the associated companies as well as the passengers.

Low-cost service- There are many airline services that offer the opportunity to fly at a relatively low cost compared to other airline services. Fares have been reduced as a result of increased cutthroat competition among different airline carriers. Passengers have benefited from the cost cutting, as it has enabled them to realize their dream of flying. Many low-cost carriers, such as Air Deccan, have recently entered the industry to serve the middle class. When compared to other airlines, low-cost carriers offer passengers fewer services. One of the main reasons why such airlines keep their fares low is because of this. For this reason, people try to make their dream of flying come true.

Changing people's lifestyles- People's lifestyles are constantly changing, as is disposable income. This gives the opportunity to enjoy the luxurious way of traveling, flying.

Labor costs are low- In India, labor costs are quite low, it is \$30-35 per person per hour. This works out to \$55-60 in the Middle East and Southeast Asia, and even more in the US and Europe. India has a very large population and a high rate of unemployment, so there is plenty of labor available. When compared to other developing countries, labor costs are also quite low. This is one of the most powerful pillars supporting the growth of the Indian aviation industry.

Safety concern: This is one of the safest modes of travel compared to others and also the fastest. People prefer it more.(shastri,2021)

Highly Qualified Personnel- Currently, the Indian aviation industry is lauded for its highly skilled and professional personnel, whether they are ground staff or flight attendants. Because of the luxurious lifestyles and attractive salaries, many young Indians are choosing to pursue careers in this industry. Regardless of ground staff or flight attendants, the Indian aviation industry is exalted for the workforce in the industry.

Utilization of advanced technology: From fuel-efficient transportation to advanced and automated ground handling, technological advancements have made this industry one of the fastest growing industries in the world.

WEAKNESSES:

Weaknesses indicate areas where the industry can improve upon previous performance. In this industry, there is room for improvement in the following areas:

Personal importance rises- Each airline company deals with its own problems and focuses solely on its own issues, rather than considering the entire Indian aviation industry.

The high cost of flying is due to the high cost of aviation turbine fuel - Aviation turbine fuel accounts for 40% of airline input costs. The crippling cost of oil has had a negative impact on the industry. However, it cannot be denied that this is a valuable source of revenue from which poor people's fuels such as kerosene and diesel are subsidized. Along with the high cost of fuel, oil companies have begun to demand daily cost payments for fuel, or they will stop supplying it. The Indian aviation industry's competitiveness has been harmed by the high cost of fuel. As a result, airlines had to cancel flights on a regular basis.

Lack of Infrastructure - While the government is making every effort to build better-planned airports and world-class infrastructure, there are still some gaps. Though metro airports have undergone modernization, many non-metro airports are operating at levels that exceed the capacity specified by the airport's design. Despite the fact that modernization has resulted in a significant increase in costs, revenue collection remains poor. Infrastructure development is hampered by obstructive rules. Land acquisition is also a major issue. The ministry of the environment clearances takes far too long.

Fixed Revenue - In comparison to other modes of transportation, aviation has a weakness in this area. In comparison to the rest of the world, the Indian aviation industry generates a small amount of revenue. Even after lowering prices, the industry's revenues have remained flat. In recent years, the industry has suffered cumulative losses. Indian airlines have the most losses, followed by Kingfisher (which had acquired air deccan amidst much fanfare). Low-cost carriers such as Jet Airways and Kingfisher have decided to cease operations. Indigo, a low-cost carrier that has made a profit, is the only exception in this situation. In fact, once the flight has departed, the empty seat will remain vacant.

Flight Tickets Are Still Expensive - Despite the fact that fares have been reduced as a result of increased competition, it remains out of reach for the average Indian, and the majority of the population still fantasizes about this luxurious mode of transportation. Regardless of how cheap airline companies make their offers, flight tickets are still expensive and require costly outlays.

OPPORTUNITIES:

These are the areas in which the company can increase its revenue. The following are some of the industry's most important opportunities:

Tourism Industry Growth – People are now exposed to media and entertainment that encourages them to travel abroad and experience different cultures and adventures. Passengers are now exposed to more travel destinations, which are added to their "bucket list," thanks to the widespread use of technology and social media. This translates to more sales and profits for the airline industry.

Improvement in Investment– The government has approved 100% FDI for the greenfield airport, with domestic airlines accounting for 49% of the total. For direct investment, foreign investments of up to 74 percent are permitted. (Bhasin,2019)

Technological Advancement– Technology is rapidly advancing, with new innovations being introduced on a daily basis. By ensuring that technology is used to reduce costs, the airline industry can maximize the benefits it receives from it. Human resource management, flight booking, and reducing delays and other technical errors can all benefit from the software. As technology advances, facilities such as automated ground processes, fuel-efficient aircrafts, and other innovations proliferate.

Increased Revenue– The in-flight customer-friendly services have been increased, and the other value-added products, which customers must pay for separately, will also increase revenue.

Expansion – As a result of globalization, airlines now have the option of operating in countries other than their own. Expansion into international markets, resulting in an increase in the number of customers. Furthermore, by expanding their flight destinations, airlines can increase their popularity, which has a direct impact on their brand image and reputation. This will help to attract new passengers while also assisting in the maintenance of strong customer relationships.

THREATS:

These are the elements in a business that put the industry in jeopardy and slow its growth. The following are some of the threats to India's aviation industry:

COVID-19 Pandemic – The COVID – 19 pandemic has had a negative impact on many industries over the last two years. The airline industry, as well as mutually inclusive industries like hotel and leisure, were the first to be impacted. The impact was immediate, with governments imposing travel restrictions not only on domestic travel but also on international travel. Strict border controls have resulted in a drop in sales, with some travel agencies closing and flights being canceled as a result of the lack of passengers.

Increased Competition – The airline industry is far more competitive now than it was decades ago. Domestic airlines, budget airlines, and new airline companies that offer low-cost flights have all grown in popularity over the last decade.

Economic Downturn– A global economic downturn could stifle the aviation industry's growth by disrupting both leisure and business travel. Aviation industry is vulnerable to the economic downturn either at the national level or global level as it will directly get affected leading to greater extent of unemployment.

Terrorist Attacks Pose a Risk– Given the current state of the world, flights and the aviation industry as a whole are always at risk. Also, the global war is the risk for the aviation.

Increasing Fuel Costs- While more fuel-efficient airlines are emerging, the majority of airlines are still reliant on fuel. The cost of living is rising, which means that flights will inevitably become more expensive. All airlines are dependent on fuel and due to the scarcity of these resources it continues to pose a threat to the travel fares. Until and unless an alternative to the conventional fuel operated technology is not obtained the travel fares cannot be brought down.

Shortage of Skilled Manpower– This is a major issue because skilled manpower such as professional ground staff and cabin crew is in short supply. Labor is available in abundance throughout India, despite of this fact there is scarcity of skilled labors in the form of cabin crew, ground staff and flight attendants.

Data Analysis and Findings

It can be seen that all required factors for the growth of Aviation industry in India in favor and demand forecast is very high. The pandemic has been the hardest hit but still the growth potential and favorable factors has made the industry standstill and will continue to do so. However, except some issues and gaps which government and the industry players should analyze the reforms and by doing so the whole country will be witnessing the promising future for the industry.

The aviation industry is a world unto itself, with a huge workforce and a significant contribution to the global economy. Despite the challenges, the sector was poised for significant growth until the pandemic struck, after which it fell precipitously. Despite the economic impact of COVID-19 on the airline industry, it is fair to say that it is on the mend and may very well return to the mainstream in a few years.

According to a study published by the Air Transport Action Group (ATAG) in 2018, the global aviation market outlook had improved significantly over the previous few years. In terms of investments, tourism, and employment, the growth of India's aviation sector can have a multiplier effect on the country's economy. The Indian government has developed an aggressive plan to promote the sector through supportive policies and the expansion of airport infrastructure.

Some areas are identified to be examined based on the above SWOT analysis, impacts, challenges, and strategies. Despite the fact that there are elements are quite broad in themselves, they should be

discussed and analyzed in order to reach a conclusion about the current state of Indian aviation and how improvements can be recommended for the forecasted status of Indian aviation industry. The challenges and to overcome them prior to the pandemic, and during and after the pandemic the industry has been facing are as following:

Fuel Efficiency where Since nearly three decades, aviation fuel availability and costs have remained one of the major economic factors affecting the airline industry. The financial portfolio of an airline is directly affected by high jet fuel prices. Fuel prices were at an all-time high, creating a vicious circle, as the number of airline companies increased year over year. Also, the Russia-Ukraine war has impacted the prices of crude oil and fuel. Alternative fuels haven't had much of an impact, so maintaining fuel efficiency is one of the aviation industry's biggest challenges.

Fewer airlines available where Commercial air travel has been severely disrupted by the high number of blockchains and bankruptcies, making airlines one of the biggest challenges facing the airline industry. Over the course of COVID, experts predicted that in the medium term there will be airlines operating below average, meaning consumers will have far fewer travel choices.

While this has increased demand for the small number of airlines, the impact of COVID-19 on the airline industry is repeating itself as the third wave of the pandemic has prevented commercial air travel. This period has greatly exacerbated the fluctuations in supply and demand and increased dependence on pandemic and the development of vaccines.

Low international air travel where there is the decline in overseas air travel has been one of the worst impacts of COVID-19 on the airline industry. Indeed, experts were skeptical that the growing number of travel restrictions, coupled with periodic closures, will continue to hamper the share of international air traffic until at least 2023. Some countries have banned inbound and outbound flights to reduce the spread of the virus; Prominent airlines have subsequently ceased operations, an indicator of how COVID-19 has affected the airline industry. As of early March 2020, countries like Albania, Angola, Argentina, Australia, Bahamas, Belgium, Japan, Mexico, Mauritius, New Zealand, Poland, Russia, and some other countries that have imposed a lot of travel restrictions were significant. reduce air travel. Major airline routes have been closed and scheduled flights have been canceled for the next few months. Small international travel is one of the biggest challenges for the airline industry due to COVID-19, and in the future, passengers are likely to prefer to travel to places with hygienic procedures and vaccination trips completed, as studies show.

Impact on airport revenue One of the worst economic consequences for the airline industry at COVID-19 was the changing financial situation during the pandemic. Without the air traffic and passenger fares, global airport revenue has come to an end, as evidenced by the closure of many airlines. The year 2020 showed little flexibility in terms of operating costs. That, together with the huge cost of capital, was one of the most unprecedented challenges facing the aviation industry in 2020. (ATAG,2020)

According to estimates by the (Air Transport Action Group ATAG) in September 2020, COVID-19 could lead to almost 46 million aviation-related jobs and \$ 1.8 trillion in economic activity. ACI World says that before the pandemic, the airport sector was expected to generate \$ 188 billion in value in 2020. However, with the outbreak of COVID-19, some \$ 125 billion was cut from the projected value,

reflecting a decline of almost 66.3%. In the second quarter of 2020, the airline industry's base case revenue fell by \$ 43.5 billion. (ATAG,2020)

COVID-19 would add to the challenges already facing the airline market. Essentially, the progress of the aviation industry may change from time to time, depending on the increase/decrease in corona virus cases and its impact on the economy, infrastructure and jurisdiction changes, for a minimum of 3 years.

Many low-cost airlines compete with the more established carriers. Aviation infrastructure has not kept pace with increasing traffic and passenger volumes, although the capacity of existing and new airports has been increased, modernized and expanded. Privatization of the two main airports in Mumbai and Delhi was completed and two major greenfield airports were opened in Bengaluru and Hyderabad. Other scheduled airports are Noida International Airport and Navi Mumbai International Airport. Another significant change brought about by the deregulation of the commercial aviation sector in India was the ability of private airlines to fly overseas after five years of domestic operations. Experts believe that the year 2022 could provide a greater understanding of how to deal with this catastrophic pandemic and what additional steps the aviation sector should take in the coming years to prepare for similar events of enormous magnitude.

But Indian aviation is trying its best to come up after the hardest hit as there are some of notable trends which have been working on them such as:

The use of non-scheduled airlines is increasing and the demand for non-scheduled airlines is increasing due to the increase in commercial activity.

The Ministry of Civil Aviation (MoCA) hopes that future commercial pilots can train in India without delay without leaving the country. In this regard, the government announced in July 2021 the establishment of eight new aviation academies at the following five airports: Belagavi and Kalaburagi in Karnataka, Jalgaon in Maharashtra, Khajuraho in Madhya Pradesh and Lilabari in Assam. This is going to be the boom for aerospace scientists.

The recovery of air traffic is also significant. The Indian aviation sector is on track to recover and has shown significant recovery to pre-Covid levels in terms of passenger movements and cargo activity. The Ministry of Civil Aviation (MoCA) has announced that from October 18, 2021, airlines will be able to operate domestic flights without capacity restrictions.

The seaplanes in which the government plans to launch 14 more seaplanes across the country, following Prime Minister Narendra Modi's successful launch of the seaplane service, range from the unity statue in Kevadiya in the Narmada area of Gujarat to the banks of the Sabarmati River in Ahmedabad in October. 2020. In March 2021, the government announced its plan to create two seaports in Assam and four maritime airports in the Andaman and Nicobar Islands this year to increase tourism and connectivity. In March 2021, the government submitted a proposal for the development of an aircraft construction project at Ujjani Dam, under the Regional Aviation Scheme (UDAN-RCS) of the Ministry of Civil Aviation.

The major expansion into new segments in which it has created an international airport as part of the PPP. A subsidiary of the GVK Mumbai International Airport (MIAL) group and the Maharashtra City and Industrial Development Corporation Ltd (CIDCO) developed Mumbai Airport under PPP, with an investment of US\$2.22 billion. (IBEF, 2022)

CONCLUSION

It can be seen that all required factors for the growth of Aviation industry in India in favor and demand forecast is very high. The pandemic has been the hardest hit but still the growth potential and favorable factors has made the industry standstill and will continue to do so. The Indian aviation which continues to show promise of being one of the fastest growing aviation markets in the post-Covid world, look equally encouraging, even as the time and costs of recovery remain uncertain.

However, except some issues and gaps which government and the industry players should analyze the reforms and by doing so the whole country will be witnessing the promising future for the industry.

Now India is the seventh-largest civil aviation market in the world and the third-largest aviation market in terms of domestic operations. The authority projects that India can even overtake the United Kingdom and become the third-largest world's aviation market in terms of air passengers by 2024. And it will surely happen because the rising working group and widening middle-class demography should significantly boost the post-pandemic demand for air travel and will keep their operations sustainable with more constructive strategies and policies to regrowth and sustain.

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