

SAI INTERNATIONAL MODEL UNITED NATIONS CONFERENCE 2026

INDIAN PARLIAMENT

Agenda - Deliberation on the systematic challenges in India's civil aviation sector with special emphasis on the airline crisis including corporate governance, consumer protection and workforce welfare.

Letter from Executive Board

At the outset, on behalf of the Executive Board, we extend a warm welcome to all of you and congratulate you on being a part of the Indian Parliament being simulated at SAI MUN. The committee being simulated would, unlike most other simulations you must have heard of or been a part of, focus on political intellect, logical intellect, analytical application of thoughts, and strategic application of thoughts in addressing the issues at hand.

Kindly note, we are not looking for existing (impractical) solutions or statements that would be a copy-paste of what the person you are representing has already stated; instead, we seek an out-of-the-box solution from you, while knowing and understanding the impending limitations of the person you represent.

This introductory guide would be as abstract as possible and would just give you a basic perspective on what you can expect from the committee and areas wherein your research should be focused at this given point in time. Given the political and technical nature of the agendas of the committee, your presence of mind and analytical aptitude are qualities that we at the Executive Board would be looking to test. Kindly do not limit your research to the areas highlighted herein, but ensure that you logically deduce and push your research to areas associated with and in addition to the issues mentioned.

The objective of this background guide is to provide you with a “background” of the issue at hand; therefore, it might seem to some as not being comprehensive enough. We feel that “study guides” are detrimental to the individual growth of the delegate since they overlook a very important part of this activity, which is research. We are sure, however, that this background guide gives you a perfect launching pad to start with your research. This guide shall deal with a skeletal overview of the agenda.

Just to let you know, the content provided in the BG is a compilation of various research and literary works of various authors and thinkers blended with the intellect of the Executive Board. It is to be noted that the content provided below in no way reflects the personal ideologies of the Executive Board and has been prepared keeping in mind a neutral point of view. Wishing you all very good luck.

Avinash Tripathy (Speaker)

Shreeya Mohapatra (Deputy Speaker)

1. Introduction

India's aviation industry has undergone a rapid transformation, emerging as the world's third-largest global market by handling approximately 174 million passengers in 2024. This growth, averaging 10% annually, is bolstered by a rising middle class and strategic initiatives like the UDAN regional connectivity scheme. However, beneath this surface-level expansion lie severe structural weaknesses. High operating costs, characterized by aviation turbine fuel (ATF) taxes reaching 60–70% above base prices, coupled with a heavy reliance on leased aircraft and chronic debt, have placed immense strain on carriers. Consequently, the market has become highly concentrated; as of late 2025, IndiGo and the merged Air India group controlled roughly 90% of domestic traffic, creating a near-duopoly that limits competition and transparency.

Moreover, regulatory gaps and governance lapses have compounded sector instability. Enforcement of safety standards and consumer protection remains inconsistent, while corporate boards have faced scrutiny over related-party transactions and internal conflicts. Beyond financial metrics, the human cost is evident in the workforce, where pilots and crew endure fatigue and job insecurity. This report traces the sector's evolution, analyzes the root causes of recurring crises, and proposes a series of short-, medium-, and long-term policy reforms. By addressing these systemic issues—ranging from tax relief to strengthened regulatory independence—India can transition from a market of rapid growth to one of sustainable stability.

2. Historical Evolution and Legislative Context

Indian aviation was a state-dominated sector for decades. After World War II, the government nationalised airlines (Air India, Indian Airlines) under the Air Corporation Act of 1953. Deregulation began in 1992, allowing private and foreign investment¹. The 1990s–2000s saw new carriers (Jet Airways, SpiceJet) and low-cost models (IndiGo's 2006 launch). However, entry barriers remained – the 1994 “5/20 rule” and slot controls limited competition. In 2007 Air India merged with Indian Airlines, but inherited inefficiencies. Growth accelerated: between 2011–2019 India's domestic passengers grew ~10.3% annually¹. By the late 2010s private carriers dominated domestic traffic. The government also launched UDAN (regional connectivity) in 2016 to boost smaller airports⁹. The COVID-19 pandemic (2020–21) froze traffic, forcing bailouts and restructuring (Air India's debt was refinanced via GOI-guaranteed bonds in 2019¹⁰). Post-2021 recovery was swift, aided by rebound in travel demand.

Despite reforms, systemic issues persisted. Taxes on aviation turbine fuel (ATF) remained among the world's highest (central + state levies, no GST)¹¹. Airport infrastructure grew (new terminals under UDAN⁹), but capacity constraints and high user fees endured. Regulatory bodies (DGCA for safety/traffic, AERA for airports, Competition Commission for antitrust, and courts under the IBC) evolved only slowly. A landmark legislative overhaul – the Bharatiya Vayuyan Adhiniyam 2024 – was passed in August 2024 and effective Jan 2025¹² to replace the 1934 Aircraft Act. It aims to streamline rules, align with global conventions, and promote Make-in-India (e.g. MRO reforms with uniform 5% import duty on aircraft parts)^{13, 14}.

3. Market Structure and Macro Trends

India's civil aviation is a duopolistic domestic market dominated by two carriers. In 2025 the largest airline – IndiGo (InterGlobe) – carried roughly 63–64% of domestic seats³. The state-turned-private Air India (including Air India Express) held about 26–28%. No other airline exceeded single-digit share (Akasa ~4.7%, SpiceJet ~3.7%)³. In aggregate, IndiGo and Air India controlled ~90% of Indian passenger capacity, giving each effective price-setting power^{3,4}. Such concentration raises competition risks: the Competition Commission recently opened an antitrust inquiry into IndiGo's conduct after its December 2025 schedule cuts, noting IndiGo's 60–61% share in available seat-kilometers (ASKM) and “very high and increasing” market concentration⁴.

Overall market size is large and growing. In 2023 about 150 million domestic and international passengers flew to/within India¹⁵. The IATA estimates 174.1 million passenger Origin-Destination flights in 2024 (international + domestic), making India 3rd globally¹. Demand is driven by a rising middle class and tourism. Industry forecasts project continued ~7% annual growth in the near term¹. Pre-pandemic, passenger traffic had grown at double-digit rates for over a decade. Cargo volumes and connectivity (airports count, new routes) have also expanded – e.g., UDAN has subsidised thousands of regional flights¹⁶.

Financially, the sector runs on thin margins. Airlines are capital-intensive and capital-poor. The typical cost structure (ICRA, Equitymaster, IJIR sources) allocates ~30–40% of expenses to fuel, 12–20% to lease/finance, 8–15% maintenance, 7–12% crew, etc.¹⁷. Crucially, any cost shock or tax hike bites through profitability. In India, fuel costs are especially high – historically around 40% of costs (vs ~25% globally)¹⁷ – making airlines sensitive to ATF price swings. Moreover, Indian carriers carry heavy debt: GOI-guaranteed bonds (NCDs) of ~₹21,985 crore were issued in 2019 to clean up Air India's legacy debt, with over ₹14,985 crore still outstanding to 2029^{10, 18}. Private airlines have also taken loans (Jet Airways reportedly owed tens of thousands of crores at collapse). Returns on equity are low, while exposures to rupee depreciation, interest rates, and global oil price shifts are large.

4. Systematic Causes of The Airline Crisis

Several interlocking factors have precipitated repeated airline crises in India:

- **High ATF costs and taxes:** Aviation turbine fuel (ATF) is subject to multi-layer taxation (central excise, state VAT, no GST) that makes India's fuel among the most expensive in the world. Industry studies note that Indian carriers pay some of the highest tax burdens on ATF globally^{2, 11}. Without GST, states levy up to 20–30% VAT, and even intra-city movements of fuel have differing rates. At current prices, ATF can eat up 35–45% (and even 55–60% in crises) of an airline's operating costs^{2, 17}. By April 2026, airlines warned that ATF accounted for 55–60% of their costs (up from 30–40% pre-crisis)¹⁹. This erodes margins: for example, GOI analysis highlights that high ATF prices “have adversely impacted the health of India's civil aviation sector”¹¹. The limited number of suppliers

(only 4 major refiners) creates pricing power and vulnerability to any global oil shock ²⁰, ²¹. The lack of tax parity (GST) means even small increases in jet fuel duty or VAT directly translate into higher airfares or losses.

- **Leasing and financing pressures:** Indian carriers rely heavily on leased aircraft – typically over 85–90% of their fleets are leased rather than owned. Leasing spreads capital outlays but subjects airlines to international financiers’ terms. Before 2023, India had not fully implemented the Cape Town Convention (a treaty protecting secured creditors in aircraft finance). Go First’s 2023 collapse vividly exposed this risk: scores of leased aircraft were grounded abroad as lessors were wary of recovering assets. Global lessor perception of Indian risk plummeted. In response, India implemented Cape Town Convention rules in 2026, and industry reports note that compliance scores have since been upgraded to the highest level in years ²². This should eventually lower lease costs, but in the interim airlines faced higher premiums. The vulnerability was compounded by airlines’ thin equity – any currency mismatch or tax dispute can render a lease payment default.
- **Excessive debt and financing costs:** Airlines’ balance sheets became bloated with debt. Following Air India’s 2019 recapitalisation bonds, the government still shoulders ₹14,985 crore of NCDs coming due by 2029^{10, 18}. Private carriers had also tapped bank credit and bond markets. Any uptick in global interest rates or oil costs makes interest servicing harder. For example, an analysis noted that if borrowing costs rise, airlines’ financial expenses can swamp their revenue, leading to losses. Unlike some mature markets, Indian airlines could not easily raise equity (stock prices are volatile, and IPOs are rare). This high gearing means cyclical shocks (like oil or currency swings) quickly push firms toward insolvency.
- **Aggressive capacity and pricing strategies:** Indian airlines have pursued rapid network and fleet growth to capture market share. For years, an unregulated (or thinly regulated) market structure encouraged cut-throat pricing to fill seats. This has two effects: it can drive short-term growth, but also create overcapacity and razor-thin ticket margins. Carriers then lean on ancillary fees and dynamic pricing to eke out profits. Recent analyses highlight that Indian carriers use algorithms to adjust fares up to 300–500% between booking periods²³. Hidden surcharges (for seats, baggage, priority boarding, etc.) are common⁶. While some pricing flexibility is normal in aviation, lack of transparency hurts consumers. In early 2024 regulatory crackdowns on “zero cancellation fee” promotions and mandatory sale terms were reversed under airline lobbying, demonstrating regulatory capture.
- **Infrastructure bottlenecks:** Key airports (Mumbai, Delhi, Bangalore) operate near capacity. Congestion adds delays and limits airlines’ ability to expand. Airlines often face slot constraints and high airport tariffs (set by AERA at major airports). Without new

runway capacity or third-party airports (e.g., Navi Mumbai, Noida), such bottlenecks translate into lower yields. On many regional routes, limited ground handling and navigation facilities (especially in monsoons) cause cancellations. The situation has improved marginally via UDAN routes and expanded terminals^{9, 14}, but infrastructure still lags demand.

- **Regulatory weakness:** Critically, enforcement of safety, duty-time, and consumer rules has been lax. Multiple experts describe India’s aviation regulator (DGCA) as under-resourced and captured by industry interests^{24, 25}. The 2024 Bharatiya Vayuyan Adhiniyam aims to modernize laws and give DGCA clearer mandate¹², but implementation is key. DGCA only gained some autonomy with the new Act and faces jurisdictional conflicts (e.g. with CCI on fare monitoring²⁶). Consumer protections are especially weak: though an Air Passenger Charter exists, airlines routinely deny duty-of-care compensation by claiming “extraordinary circumstances” (as noted by CCI in 2022²⁷). Flight cancellations and refund delays have grown (DGCA logged 3,925 grievances by June 2025 – nearly equaling 2024’s total²⁸). Digital grievance portals are inadequate, and airline chatbots or denial tactics leave passengers stranded. Airport authority response (AAI) has improved complaint tracking²⁹, but recourse is still slow.

In sum, the crisis is systemic: heavy taxes and costs strain airline economics, oligopolistic market power enables abusive practices, and regulatory/governance gaps allow consumer harm and labor neglect. These have combined to precipitate multiple failures in 2022–2025.

5. Corporate Governance and Transparency

India’s airlines have also suffered from governance lapses and opaque promoter behavior. Several high-profile cases illustrate the problem:

- **Board oversight and conflicts:** In 2019, IndiGo’s co-founder Rakesh Gangwal petitioned regulators, alleging the board (dominated by another promoter) flouted corporate norms³⁰. He cited instances of inadequate oversight and questioned strategic decisions, marking a rare challenge within a listed LCC. Similarly, Jet Airways (private-sector until 2019) admitted to booking losses despite expanding market share; aggressive expansion (e.g., loss-making codeshare agreements) occurred with minimal independent scrutiny. Industry analysts note that airline boards often lack independent directors with aviation expertise, and key appointments (CEO, CFO) sometimes reflect crony ties rather than competence. In SpiceJet, filings have revealed related-party transactions (loans to entities linked to founders) that have alarmed minority shareholders.
- **Related-party transactions and disclosures:** Kingfisher Airlines (2005–2012) famously collapsed amid allegations that Vijay Mallya diverted funds to unrelated business interests. Loans from public sector banks and diverted revenue caused a ₹18,000 crore crisis.

Kingfisher's auditors flagged various related-party lending as early as 2010. Subsequent court cases revealed that funds were used for Mallya's personal companies. Likewise, media have reported that SpiceJet and Go First channels involved dealings with non-operating entities. Such practices undermine financial health and erode trust.

- **Financial misreporting:** Auditors and regulators have occasionally slapped fines or warnings on airlines for delayed filings or misstated earnings. For example, SpiceJet's promoters were recently accused of using shell firms to inflate capital. SEBI and MCA have initiated investigations into equity dilution and disclosure lapses at some carriers. These incidents suggest board-level negligence in enforcing transparent accounting and internal controls.
- **Insolvency and crisis mismanagement:** The resolution of failed airlines under India's Insolvency & Bankruptcy Code (IBC) has been slow. Jet Airways took 3 1/2 years in NCLT (National Company Law Tribunal) before an ownership change was approved in 2023 (JKC consortium)³¹. Go First's Feb–Mar 2023 insolvency declaration led to an indefinite grounding of its fleet, but a speedy resolution plan has been elusive. Poor forecasting and contingency planning by management exposed airlines to shocks (e.g., Go First's sole reliance on one engine supplier without adequate spares or alternates led to its downfall). The failures of Kingfisher, Jet, Go First, and partly SpiceJet each reflect boards that either over-leveraged or did not diversify risk.
- **Privatisation transitions:** Even in the recent Air India privatisation (sale to Tata in 2021), governance issues arose. Air India's decades of bureaucratic appointment practices meant many managers were unaccountable; post-sale, the integrating of Air India and Air India Express, and later of Vistara into the Air India Group (completed Oct 2024³²) required extensive restructuring. Employee contracts, pension liabilities, and service standards had to be overhauled under Tata's leadership – a complex corporate governance project still in progress.

Overall, oversight deficits—promoter dominance on boards, weak minority protections, and opaque affiliate dealings—have aggravated financial strains. Enhancing corporate governance (stringent disclosure norms, independent boards, reform of AOA (Articles of Association) to limit related-party dealings) is imperative to prevent future busts.

6. Consumer Protection and Competition Issues

Passengers in India are protected by multiple laws (the Air Passenger Charter under DGCA rules, the Competition Act 2002, and the Consumer Protection Act 2019), but enforcement is patchy. Key issues include:

- **Passenger rights (Charter vs. reality):** The DGCA's Air Passenger Rights regulations outline compensation for denied boarding, delays, and cancellations. In practice, airlines

exploit loopholes. For example, they invoke “extraordinary circumstances” to refuse refunds or delays compensation. Investigations have found refunds often take months and claims are routinely rejected despite DGCA directives²⁷. Disrupted passengers frequently must file written complaints or litigate to get paid. While carriers posted notices about rights at airports, lack of easy appeal mechanisms means the statutory promise of timely refunds is unfulfilled for many. DGCA’s own data (through parliament) shows grievances skyrocketed: by mid-2025, complaints (3,925) were nearly the full count of all 2024 (4,016)²⁸, indicating mounting consumer frustration.

- **Dynamic and hidden pricing:** Fares vary by demand and booking time. Studies and regulators highlight that surge pricing (via revenue-management algorithms) can raise last-minute fares by hundreds of percent²³. There is no cap on how high fares can skyrocket near departure dates. Consumers report confusing pricing structures. The Competition Commission (CCI) itself noted last-minute fare spikes after IndiGo’s Dec 2025 cancellations, saying 2,507 cancelled flights “caused an artificial scarcity” and fare surges, leaving travelers “stranded”³³. Meanwhile, ancillary charges (seat reservations, priority boarding, excessive baggage fees) have escalated. A research case study catalogs practices like “seat fees, convenience charges and arbitrary baggage surcharges” as deliberate cost-shifting to passengers⁶. Such fees are not always transparent at booking, and partial disclosure is a common complaint.
- **Refunds and cancellations:** Policy shifts have been inconsistent. During COVID, DGCA mandated full refunds for cancelled flights; now airlines have reintroduced cancellation fees in most cases. While public hearings and Consumer Court judgments have nudged airlines toward easier refunds, many travelers still wait months for reimbursement. Airlines often cite high transaction volumes and force majeure to delay payment. The Consumer Protection Act (2019) theoretically penalizes unfair trade practices, but enforcement against airlines is rare. Collective actions (like a 2022 Delhi HC case that fined an airline for delay) are isolated, leaving systemic issues unresolved. In response to the Dec 2025 crisis, DGCA imposed fare caps on IndiGo and mandated completion of pending refunds³⁴, but no permanent policy change has been enacted. Without a strong regulatory push, carriers prioritize cash-flow over consumer refunds.
- **Grievance redressal:** Consumers can file complaints with DGCA or AERA (for airport charges), but resolution takes time. The Ministry of Civil Aviation has encouraged digital grievance apps (DGCA’s CPGRAMS portal, AAI complaint system)³⁵. AAI has improved airport-level complaint displays and staff training to address issues. However, private carriers’ internal customer service often offloads calls to bots. Industry observers note that airlines now rapidly push travelers toward generic online forms and chatbots, which lack empathy and do not guarantee resolution. Some analysts argue that real-time third-party auditing of refunds and mandated disclosure of compensation statistics (as in Europe’s Regulation 261/2004 for airlines) could improve accountability.

- **Competition law enforcement:** The Competition Commission has scrutinized the duopolistic structure. In 2022 it released a market study on airfares, noting potential abuse by dominant carriers. More visibly, the CCI’s probe of IndiGo (Feb 2026) under Sections 4(2)(a)(i) & (b)(i) of the Competition Act was triggered by allegations of anti-competitive flight cancellations³³. The Commission explicitly pointed to IndiGo’s high market share enabling it to “operate independently of competitive forces”⁴. However, jurisdictional turf fights have arisen: IndiGo’s defence argued DGCA (under the new Act) has sole authority over flight operations decisions²⁶. Whether the CCI or DGCA is the proper enforcer of fair pricing remains contested. In any case, the need for clear rules on capacity withholding and surge pricing is pressing.

In summary, consumer safeguards have not kept pace with market reality. The combination of lax enforcement, technology-driven pricing, and concentrated supply means passengers often face unpredictably high fares, delayed refunds, and minimal service when things go wrong. Stronger tools (e.g. an enforceable code of price transparency, statutory refund timelines, independent redress agencies) are needed alongside competition monitoring to protect travelers.

7. Workforce Welfare and Safety Standards

The aviation workforce – pilots, crew, and ground staff – have borne the brunt of cost-cutting measures. Key challenges include:

- **Crew fatigue and Flight Duty Time Limitations (FDTL):** Prior to 2024, India’s FDTL regulations allowed long duty periods, and enforcement was uneven. A recent case study of IndiGo’s 2023 disruptions reports “mass sick reports due to fatigue” and “overstretched FDTL schedules” as immediate triggers³⁷. In response, DGCA in 2024 issued tighter FDTL rules (increasing rest hours and reducing maximum duty times)⁷. Airlines resisted the changes, and implementation was delayed to late 2025. When fully applied, the stricter rules (e.g. limiting night flights and mandating longer recovery) forced airlines to cut or re-time flights, straining resources. The December 2025 IndiGo crisis directly stemmed from inability to comply with new FDTL norms^{7,37}. The outcome: mass flight cancellations to ensure crew rest. This underscores that earlier lax enforcement had led to a “chronic fatigue culture”³⁸. Going forward, robust monitoring of crew duty, mandatory on-call reserves, and pilot wellness programs will be necessary to prevent burnout.
- **Contractualization and staffing:** Many airlines have sought cost flexibility by using contract or outsourced workers. Cabin crew, ground handlers and even air traffic controllers in some airports work under contract. This makes them vulnerable during downturns: during COVID, airlines furloughed or terminated many contractors. More recently, SpiceJet (about 6,800 total staff) announced aggressive cost cuts including unpaid leave for hundreds of employees³⁹. Salary delays have become severe: in 2025 some low-

income workers waited up to three months for pay⁴⁰. Although veteran pilots and management hold fixed contracts, non-crew staff often have little job security or union protection. This trend risks losing skilled labor to other sectors or foreign carriers.

- **Mental health and morale:** The intense pace and uncertainty in aviation take a toll. Pilots report high stress from irregular schedules and the threat of sudden layoffs or grounding (as happened to Go First pilots). Cabin crew face “glamourization” paradoxes: while marketed as heroes of travel, behind the scenes many suffer low morale due to check-fatigue and cramped conditions⁴¹. Incidents of staff burnout have surfaced, though systematic data is scarce. The DGCA has begun training officials in human factors and crew resource management (per the Annual Report²⁹), but airlines must internalize these norms too. Peer networks and mandatory mental health resources could help.
- **Unions and collective bargaining:** Pilots are organized under bodies like the Air India and Alliance Air Pilots Associations, and cabin crew under their own unions. However, fragmented industry has weakened bargaining. For instance, while one airline might offer generous allowances, others cut pay, leading to disparities. Recent labor codes (Industrial Relations Code 2020) have simplified strike rules, but no major airline strikes have occurred recently. Ground staff unions at AAI airports still negotiate directly with AAI management (a PSU), which has kept jobs stable. In private airlines, unions have mostly pushed for pay raises or freight surcharge demands, but with mixed success. The overall picture: labor is a flexible cost center, not a strategic partner. Policymakers may consider mandating crew ratios or minimum staffing to prevent excessive reliance on contractual labor.

In sum, airline employees operate under high stress and low margins. Fatigue is a safety hazard, and workforce unrest (or exodus) can cascade into operational crises. Measures like enforcing duty limits (with enforcement), improving job security (even partial continuance during crises), and ensuring timely pay are essential for a healthy sector.

8. Legal And Regulatory Framework

India’s aviation framework spans multiple laws and regulators. Key elements include:

- **Bharatiya Vayuyan Adhiniyam 2024 (New Aircraft Act):** This recent legislation (effective Jan 1, 2025) replaces the archaic Aircraft Act of 1934¹². It modernizes definitions (e.g., of aviation activities), aligns with international conventions (Chicago Convention), and addresses ease of doing business (e.g., simplifies licensing). Importantly, it seeks to bolster DGCA’s mandate and autonomy¹². The Act also explicitly supports domestic manufacturing (Make in India) and maintenance, complementing MRO tax reforms. However, actual regulatory power still rests with DGCA and government – the Adhiniyam alone does not empower DGCA to set fares or competition rules. It does allow

administrative penalties for unsafe practices and gives DGCA clearer authority over safety standards. The law's full impact depends on ensuing rules and whether DGCA is resourced to be an effective, impartial regulator.

- **Directorate General of Civil Aviation (DGCA):** As per Section 3 of the new Act⁴², DGCA remains India's civil aviation safety regulator. Its functions include certifying aircraft and crew, overseeing safety standards (per ICAO SARPs), and approving routes and schedules^{43,44}. DGCA also issues the Air Operator Permit and enforces the Air Safety and Passenger Rights Regulations. Under the Adhinyam, DGCA is placed under MoCA but intended to operate via a DG and deputies with assigned responsibilities⁴². Critically, DGCA's jurisdiction covers safety and operations, but the law ambiguously delineates scope vis-à-vis competition law (seen in the IndiGo-CCI dispute). DGCA's oversight has been criticized as reactive and sometimes lenient (e.g., after IndiGo's 2025 crisis, it negotiated fines and schedule caps, but did not proactively audit broader airline practices). Strengthening DGCA (e.g., creating a truly independent Civil Aviation Board, as some experts recommend) could improve governance.
- **Airport Economic Regulatory Authority (AERA):** Established in 2009, AERA regulates tariffs and services at major airports (and screen charges nationwide). It ensures airports invest promised funds and maintain service levels. In practice, AERA has gradually lowered tariffs at Delhi and Mumbai airports (after initial resistance) and recently set guidelines for privatised terminals. However, airlines argue AERA has not sufficiently checked airport landing/parking fees, which raise their costs. Moreover, AERA has no power over smaller airports. The Ministry's annual report notes ongoing AERA efforts but also that non-aeronautical revenue (e.g., retail) is low, implying airports rely heavily on fees⁴⁵. Ensuring AERA decisions balance airport and airline interests is a policy challenge.
- **Competition Law (Competition Act 2002):** The CCI can investigate anti-competitive practices (cartels, abuse of dominance) in aviation. Its 2022 market study on air travel identified concerns over high concentration and pricing practices. The IndiGo probe (2026) underlines CCI's active role: CCI interpreted IndiGo's blanket cancellations as abuse of dominance, citing the Act's Sections 4(2)(a) and (b)³³. However, airlines contend that airfares and schedules fall under DGCA's purview per the new law²⁶. This jurisdictional overlap may require legal clarification. Nonetheless, CCI can still penalize collusion on fares or service denial. The Competition (Amendment) Act 2023 (already effective) empowers CCI with higher penalties and leniency programs, which may deter outright collusion. To protect consumers, CCI has recommended transparency in pricing (2022 report), but concrete rules (e.g., on algorithmic pricing) are yet to emerge.

- **Consumer Protection Act 2019:** Airlines are subject to general consumer law, which forbids unfair trade and requires truthful advertising. In theory, any passenger can sue airlines for deficiency of service, but ticket terms typically include legal jurisdiction and arbitration clauses that complicate cases. The e-commerce rules under this Act require sellers (including airlines) to provide full refunds within specified timelines. The DGCA routinely reminds carriers of this obligation, especially for canceled flights. However, enforcement via consumer courts is slow. The broader Act also covers grievance redressal and e-tickets. In practice, the Air Passenger Charter (DGCA rule) is the more direct instrument, while the Consumer Act remains a backstop rarely invoked explicitly.
- **Insolvency and Bankruptcy Code (IBC):** Since 2016, the IBC has been the route to resolve bankruptcies. For airlines: Jet Airways (2019) and Go First (2023) entered NCLT processes. Kingfisher (2012) predates the IBC and wound down without productive resolution; the investors lost out. Jet's NCLT process took until 2023 to resolve (Adani-led JKC Group takeover). Go First's insolvency declaration in April 2023 initially paused proceedings due to litigation (one aircraft lessor objected) – the case highlighted how gaps in international enforcement can derail IBC timelines. Overall, India has no airline-specific bankruptcy rules, and exits through IBC have been irregular. The Board for Industrial and Financial Reconstruction (BIFR) was inactive when many airlines failed, so IBC is the main tool now. Policymakers are considering a priority insolvency regime for crucial sectors, which could include aviation, to streamline resolutions.
- **Cape Town Convention:** This international treaty (ratified by India only in 2022) protects financiers of aircraft and engines. Before enactment of enabling legislation, foreign lessors treated India as high-risk. The Ministry's annual report notes the 2026 law implemented Cape Town rules – an overdue step. This may improve future leasing terms. Airlines must now ensure their contracts and mortgages align with international norms to avail of these protections.

9. Case Studies and Lessons Learned

- **Kingfisher Airlines (2005–2012):** Launched by liquor baron Vijay Mallya, it initially won acclaim for quality. However, rapid expansion (international services, large ATR and A330 orders) outpaced cash flow. By 2010 losses were reported; by 2012 debts (~₹18,000 crore) and defaults led DGCA to suspend Kingfisher's licence⁴⁶. Lessons: unchecked related-party funding (loans from banks), lack of capital buffers, and absence of safety regulators' enforcement (Air India went without pilots due to bankrupt Kingfisher's payment refusal of leased crew) highlighted systemic risks. This collapse also spotlighted the need for stricter corporate governance and for the DGCA to proactively audit airline finances.

- **Jet Airways (1993–2019):** India’s first private international carrier, Jet grew to become India’s largest airline by the 2010s. But multiple missteps led to its fall: aggressive fare wars with new LCCs squeezed yields; heavy fuel hedging losses in 2013–14; and high-interest debt for fleet financing. The final blow came in April 2019, when lenders refused further funding amidst reported ₹100+ billion losses. Jet abruptly halted operations⁴⁶, stranding tens of thousands of passengers. The NCLT insolvency process took years, finally approving new ownership (JKC Holdings) in 2024³¹. Timeline & Lessons: Key moments: 2007 Etihad equity stake (changed control), 2018 grounding of 119 aircraft, early-2019 efforts to raise ~\$1.8bn failed, Apr 2019 collapse. This case shows how rapid growth without sustainable profit, combined with governance misalignment (founder relying on debt over equity), can topple even large carriers. Strengthening banks’ risk assessment (via RBI oversight) and encouraging contingency reserves are lessons.
- **SpiceJet (2005–present):** SpiceJet emerged as a low-cost player, saving Air India’s Gujarat operations. It went public in 2010, but struggled under Ajay Singh’s promoter leadership. The airline oscillated between losses and small profits; in 2015 it secured a government bailout loan of ₹1,500 crore, requiring share dilution to State Bank of India. By 2019, it faced fleet grounding due to maintenance lapses and wet-lease defaults. Recently (2022–26) SpiceJet has faced liquidity crises: unpaid salaries, freezing of bank accounts over a ₹144 crore tax deposit, and pilot workforce cuts. In April 2026 SpiceJet announced job cuts and sought government funding³⁹. Timeline & Lessons: Key events: 2015 bailout; 2018 near-debt default (promoter Ajay Singh ceded control); 2020 pandemic losses; 2026 salary delays and layoffs. Governance concerns (family-run management, related-party deals) and vulnerability to fuel/currency shocks are central issues. For SpiceJet’s welfare problems, the lesson is that continuous recapitalization and diversified revenue streams (cargo, maintenance contracts) are needed to weather downturns.
- **Go First (2012–2023):** Formerly “GoAir”, rebranded in 2021, it was the 4th-largest carrier. It too followed a growth strategy (fly now, pay later for planes). In early 2023 it suffered a catastrophic engine supply chain failure: Pratt & Whitney’s delayed engines grounded much of its fleet. By April 2023, Go First filed for insolvency, partly blaming FAA certification issues with its engines. Ten years of losses (~₹35 billion) meant it had no reserve. Cargo was divested, and a couple of rescue bids (including Ajay Singh’s) were mired in litigation. Ultimately, Go First was forced into bankruptcy even though there was no single cause (much like the slide “Airline crisis causes and manifestations” indicated). **Lesson:** Overreliance on a single OEM without backup and chronic undercapitalization can bankrupt an airline overnight. The case suggests regulators should enforce stricter maintenance and liquidity norms.

- IndiGo Scheduling Crisis (Dec 2025):** In December 2025, IndiGo abruptly cancelled ~4,500 flights over 10 days (impacting ~1.0 million passengers)⁴⁷. The root cause was non-compliance with DGCA’s new Flight Duty Time Limitation (FDTL) rules (issued mid-2024, phased-in late 2025)^{7, 37}. IndiGo had aggressively upped its winter schedule based on optimistic forecasts, then lacked crews under the stricter rest rules (e.g., night duty caps). The DGCA initially exempted IndiGo until Feb 2026 and fined the airline ₹22.2 crore for the disruption⁴⁸. The government capped fares to protect consumers and demanded refunds be completed. Lesson: This incident underscores that rapid capacity increase without matching crew planning – especially under evolving regulations – can halt an airline. Predictable rule implementation (with lead time) and mandatory reserve crew pools are needed. It also highlights the clash between profit-driven scheduling and safety-compliant operations.
- Air India (1932–present, privatized 2021):** India’s flag carrier was founded in 1932 and nationalized in 1953. Years of subsidization and debt (worst 1980s–90s) ended with a 2018 policy to sell. In 2021 Tata Sons acquired 100% of Air India for \$2.4 billion⁴⁹. Subsequent years saw massive restructuring: merging of Air India Express and Air India Connect, and absorbing Vistara into Air India by Oct 2024³². Tata invested heavily to upgrade in-flight products and retire old debt (serviced by government-guaranteed bonds). The result has been a financially revived national carrier, though the integration process (workers, culture, IT systems) remains incomplete. Lessons: A strong corporate owner with deep pockets (Tata) was crucial. The government’s willingness to underwrite legacy debt (via the NCDs) was also key. This case illustrates how a government can exit via privatization to put an airline on a firmer footing – a policy blueprint, though not readily scalable to private carriers.

10. Statistical Analysis And Data Visualizations

Carrier	Market Share (%)	Commentary
IndiGo	~64.0% ³	Dominant Low Cost Carrier; significant price-setting power.
Air India Group	~26.7% ³	Includes AI and AI Express; consolidated under Tata.

Carrier	Market Share (%)	Commentary
Akasa Air	4.7% ³	Emerging Low Cost Carrier (2021 launch).
SpiceJet	3.7% ³	Facing severe financial and liquidity struggles.
Others	~1.3%	Includes regional and defunct carriers.

Table 1: Domestic Market Share Analysis (FY2025)

Source: DGCA monthly data as reported by news. IndiGo and AI together control ~90% of the market, a duopoly risk.

Cost Category	Share of OPEX (%)
Aviation Turbine Fuel (ATF)	30% – 40% ^{2, 17}
Aircraft Lease & Financing	12% – 20%
Maintenance (MRO)	8% – 15%
Crew Salaries & Benefits	7% – 12%

Cost Category	Share of OPEX (%)
Airport & Navigation Fees	5% – 10%
Ground Operations	3% – 6%
Distribution & Marketing	4% – 7%

Table 2: Estimated Operating Expense (OPEX) Structure

Notes: Based on industry estimates (ICRA, Equity Master, airline financials). Fuel is unusually large (~35%) in India due to taxes, and lease costs are significant due to high leasing ratios. Minimal buffers in these line items mean any spike (e.g., fuel) or cut (e.g. higher lease rates) can mess up the budgets.

11. Conclusion

India’s civil aviation sector is at a critical juncture. Strong passenger demand and strategic importance contrast starkly with entrenched structural problems. Tackling the airline crisis requires a holistic approach: reforming fuel taxation and financing, enforcing fair competition, fixing governance shortcomings, and protecting workers and consumers. The recent passage of the Bharatiya Vayuyan Adhiniyam 2024 is a promising step toward updated regulation, but its potential depends on decisive policy follow-through. Without such systemic reform – from tax policy to DGCA autonomy to labour safeguards – recurring crises (like Dec 2025’s mass cancellations) will continue to disrupt millions and erode public trust. The recommendations herein, drawn from industry data and case studies ^{33, 51}, aim to guide stakeholders in restoring resilience and putting India’s aviation on a sustainable growth path.

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