

## **4. India's Aviation Sector**

### **Why in News?**

- India has recently poised to become the world's leading aviation market, surpassing the United States and China by the end of the decade.

### **Highlights**

- India's Civil Aviation is among the fastest-growing aviation markets globally and will be a major growth engine to make India a USD 5 trillion economy by 2024.
- India is currently the world's 3<sup>rd</sup>-largest civil aviation market.
- Over the past 6 years, India's domestic passenger traffic has grown at a compound annual growth rate (CAGR) of around 14.5% and international passenger traffic at around 6.5%.
- India's domestic passenger traffic is projected to rise to 16 crores in the 2023-24 fiscal year and to 35 crores by 2029-30.
- India's government aims to establish 6 major metropolitan cities as international hubs for air travel.
- One of the major challenges for the Indian aviation sector is the high operating costs. This is due to a number of factors such as high fuel prices, airport charges, and taxes.
- For airlines, the increase in jet fuel prices represents a major challenge as this cost typically accounts for 20% to 25% of total operational costs.
- The Indian aviation sector also faces infrastructure constraints such as limited airport capacity, lack of modernized air traffic control systems, and inadequate ground handling facilities.
- The Indian aviation sector also faces challenges related to the regulatory framework.
- The sector is heavily regulated, and airlines have to comply with a number of rules and regulations through different windows, which can be complex and time-consuming.
- India's ambitious plans for growth in the aviation sector present significant opportunities for the country's economy and its people.
- While there are challenges to overcome, India's commitment to expanding its aviation infrastructure and developing its manufacturing capabilities positions it well to become a major player in the global aviation market by the end of the decade.