

# Economic Growth of Air Passenger Market and Traffic Sensitivity in India: Vision 2030

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## Abstract

India's civil aviation business is one of the fastest growing in the world, and airlines are developing their networks and fleets to keep up with the growing demand. According to the Indian domestic airlines now have 157 aerodromes, heliports, and airports in India, by the end of 2025 there will likely be 200 airports in operation. There will be 300 million domestic passengers by 2030, and 200 new airports will be built over the next 20 to 25 years. The Civil Aviation Secretary said air trips per capita per annum for India is 0.13. By 2030, it is anticipated that 300 million people will travel domestically by plane in India. The estimated investment in airport development is USD 11 billion [1]. The Minister of Civil Aviation emphasized the possibility at the domestic level to create a supply chain for sustainable aviation fuel. India's aviation industry is expanding quickly, and in the next 20 to 25 years, 200 new airports are expected to be built. This article deals with the growth and market sensitivity of domestic air passenger growth in 2030. Over the past ten years, the Indian aviation industry has grown significantly, becoming the third-largest domestic aviation market in the world after being a luxury for the affluent in the early 2000s. South Asia accounted for approximately 69% of all airline traffic through domestic flights in fiscal year 2022–2023, when domestic air traffic reached nearly 97% of pre-COVID levels. India has the fastest-growing air passenger market in the world, with a population of almost 1.4 billion. This is primarily because of the country's developing infrastructure, which is expected to increase passenger numbers from 158 million in 2017 to an estimated 572 million by 2037, mostly because of the country's growing middle class. The growing importance of India in the global passenger business is examined in this article.

**Keywords:** Air Passenger, Domestic Airways, Market Sensitivity, Traffic Rises

## 1. Introduction

The nation has one of the fastest-growing civil aviation markets in the world. Over 15.20 crore people were transported by domestic carriers in 2023, with an average daily air traffic of 4.3 to 4.5 lakh.

### 1.1 Indigo

Pieter Elbers, the CEO of IndiGo, the biggest airline in India, stated that there is fierce rivalry in the market, which is also price-sensitive. He also underlined that there is a huge need for travel. As the head of the airline with a little over 60% domestic market share and a fleet of over 360 aircraft, Elbers also stated that prices in India are "very competitive" generally, which he believes should be taken into consideration as part of the country's transformation. Although Indian customers are very keen to travel, they are also a budget-conscious group. The CEO of IndiGo stated, "Observe that whenever a new route is announced, there is a huge demand from consumers to travel. "Although airlines are growing their operations by linking additional destinations and air traffic is still increasing, some people are worried about the cost of tickets,

particularly during busy times of the year. The nation's air ticket prices are deregulated, meaning that supply and demand largely determine fares. Elbers claimed that the Indi had a healthy and fierce rivalry in a recent interview with PTI (2024) [2].

### 1.2 Clear Trip

Airfares are expected to stay higher soon, up to 15% higher until May than they were a year ago, according to the Clear Trip travel website. "The outlook for the capacity augmentation is gloomy due to the continuous supply chain and engine problems. As a result, domestic travel will become more expensive. In March, we're charging 15% more than we did the previous year. In April, a similar pattern is anticipated. Ayyappan Rajagopal, CEO of Cleartrip, stated that both are compared to the previous year.

### 1.3 Akash Air

Flights in India are extremely cheap, according to Vinay Dube, the founder and CEO of Akasa Air, earlier this month. A parliamentary commission suggested route-specific airfare caps and the creation

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of an independent body to regulate plane ticket prices in February of this year, in response to concerns expressed by several parties regarding soaring fares. After considering the Civil Aviation Ministry's replies about airfares, the committee concluded that airline self-regulation of ticket rates has not proven successful (2024) [2].

## 2. Price Sensitivity in India

India is undoubtedly a price-sensitive market, and we observe occasional pricing swings. This is a normal occurrence for hotels, other companies, and airlines. "When compared to other regions of the world, the general pricing level in India is extremely competitive, if not low. You should consider it a part of India's evolution and diversity (2024) [2]. According to Abdullah-Al-Mamun and Robel (2014), price sensitivity has become crucial in determining customer satisfaction since consumers link service pricing to value for money based on the quality provided [3]. However, individual differences in consumers' satisfaction levels with price create a gap that academics want to close. This study looks at the airline sector and how price sensitivity relates to it to close this gap. Several prominent service providers with a solid reputation for providing high-quality services dominate the aviation sector [4].

Pricing is a crucial component of customer satisfaction since customers want services that meet their demands at reasonable costs. Consumer sensitivity is the basis for the pricing model [5]. In the event of price increases, highly sensitive customers would switch to rival airlines more than those in a less sensitive setting. Reducing the fees or cost of the services is the reason for the move to competitors. However, because they prioritize value and the caliber of services offered, quality-conscious customers are less price-sensitive. Therefore, it would be difficult for this group of customers to switch to competitors in the airline sector if pricing changed. As a result, customers who prioritize service quality show a high degree of loyalty to a business that offers them high-quality services before, during, and after their journey. Increased customer loyalty would result from the ability to guarantee customer pleasure with services from several fronts, including before-, in-, and after-flight [6]. Businesses that use this strategy benefit from a competitive edge in the marketplace (2021) [7].

### 2.1 An Example of Price Sensitivity

Let's say you own a clothes store. You're choosing how much to charge for a new T-shirt line. Two primary elements that exhibit price sensitivity have to be taken into account:

### 2.2 Comparing with Competitors

You are aware that comparable T-shirts cost \$15 to \$20 at other shops. Because of their distinctive design and organic cotton construction, you think your shirts are of superior quality and value.

### 2.3 High Price Sensitivity

Even if they are aware of the quality difference, buyers who are extremely price sensitive may ridicule your \$25 shirts and choose

to buy from the competitors.

### 2.4 Low Price Sensitivity

You may draw in more business if you list them at \$12, but you may also lose out on potential buyers who are prepared to spend more for what they consider to be greater quality. You choose to market your shirts as a high-end, environmentally responsible choice.

### 2.5 High Price Sensitivity

In this case, even \$20 might be too much for some clients who value affordability over environmental friendliness.

### 2.6 Low Price Sensitivity

Conversely, buyers who like organic materials and are prepared to shell out extra cash for eco-friendly apparel might be content to spend \$25 or even \$30 on your shirts. It takes more than just choosing the appropriate price to recognize and address price sensitivity. It necessitates having a thorough grasp of your clients, being flexible when the market shifts, and using technology to make well-informed judgments. By doing this, companies build loyalty, meet and surpass client expectations, and promote long-term success.

## 3. Literature Review

• **Harith Y K et al. (2019):** The airline industry relies heavily on the loyalty and contentment of its passengers [8]. Airline companies must offer top-notch services if they want to win over clients' contentment and loyalty. Price sensitivity and quality seekers' moderating impacts on customer satisfaction are among the various aspects of service quality in the airline business that are examined in this article. The literature currently in publication has given less attention to the moderating influence of price sensitivity on passenger satisfaction. The three primary categories of service quality are preflight, in-flight, and post-flight services. To evaluate the moderating impacts of price sensitivity and service quality on passenger satisfaction, this study offers a conceptual framework. The study was carried out by conducting a review of the literature on the subject and associated problems. The accuracy, applicability, and other validating factors of the literature were examined. The results show that passenger satisfaction is positively impacted by the quality of service in all three areas.

• **Elkington, 2004:** According to the findings, passenger loyalty has a direct effect on passenger happiness [9]. The results show that the relationship between service quality and passenger happiness is significantly impacted by price sensitivity and quality seekers. Passenger satisfaction benefits from high service quality are diminished by high price sensitivity. Passenger satisfaction is positively impacted by service quality when price sensitivity is low. Customer pleasure is subjective and differs among consumers, according to existing literature.

## 4. Domestic Airlines in India

### 4.1 Air India

Air India is the largest airline in India and a veteran of the domestic

flight industry. It has the largest fleet and offers both domestic and international air travel. Connections are available to over 100 domestic and 70 international locations for travelers.

#### 4.2 Vistara

With its hub at Delhi-Indira Gandhi International Airport, Tata SIA Airlines Limited, doing business as Vistara, is a domestic airline situated in Gurgaon, India. With its first flight between Delhi and Mumbai on January 9, 2015, the airline—a joint venture between Tata Sons and Singapore Airlines—began operations

#### 4.3 Go Air (Go First)

Go First provides affordable, smart travel for domestic flights. With more than 28 destinations, including all of the metros, and numerous low-cost flights each week, Go First is unquestionably a good option for convenient and affordable travel.

#### 4.4 Indigo

With more than 120 flights to these destinations, Gurgaon-based IndiGo has been continuously providing high-quality, reasonably priced flights to 17 different domestic sectors.

#### 4.5 Air India Express

The low-cost Indian airline Air India Express has its main office in Kochi. A fully owned subsidiary of flag carrier Air India, Air India Express Limited, runs it.

#### 4.6 Air Asia

The Indian airline AirAsia India has its main office in Bengaluru, Karnataka. AirAsia Investment Limited and Tata Sons jointly own the airline.

#### 4.7 Spice Jet

With the help of foreign finance, SpiceJet has lately been revitalized and will continue to provide first-rate, reasonably priced, and excellent domestic carriers for travel throughout India.

#### 4.8 Akasa Air

Akasa Air provides direct service to three foreign locations and more than 20 Indian cities. With its fleet of contemporary aircraft outfitted with the newest in-flight entertainment systems and cozy seats, Akasa Air is committed to providing premium service at an affordable price.

#### 4.9 Alliance Air

Alliance Air, a subsidiary of Air India, is one of the most well-known regional airlines in India. Its mission is to connect to places with smaller airports and lower flying demand. Passengers are transported from lower-tier locations to larger hubs by this airline's fleet of lesser-capacity aircraft (2024) [10].

### 5. Air Line Service Quality

The quality of an airline's services is determined by how well it satisfies the demands and expectations of its customers. It is a crucial component of customer happiness and a major determinant of how travellers assess airlines. When assessing the quality of airline services, consider the following factors:

#### 5.1 Customer Expectations

Airlines need to know what their clients expect from their services.

#### 5.2 Client Comments or Feedback

Airlines can use social media, complaints, and regular polls to evaluate the quality of their services.

#### 5.3 Aspects of Service Quality

Tangibility, assurance, responsiveness, dependability, and empathy are the five main components of service quality.

#### 5.4 Intentions of Customer Behaviors

Service quality is closely linked to the behavioural goals of customers, such as moving to a different service provider. Offering top-notch service helps airlines draw in and keep passengers, which can boost revenue.

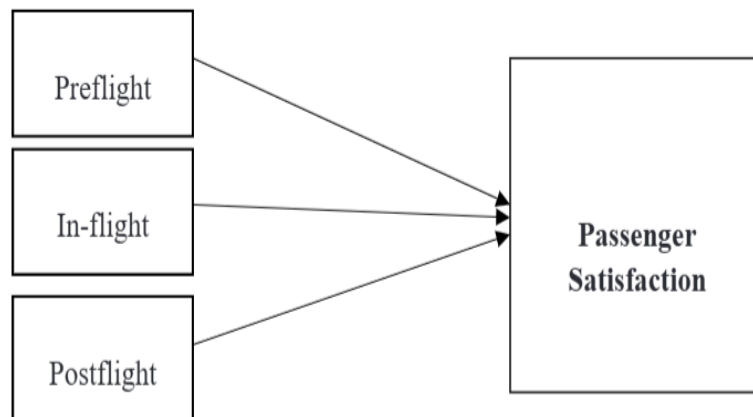


Figure 1: Airline Service Quality

## 6. Price Sensitivity

A crucial idea in comprehending how consumers make decisions is price sensitivity. It describes the extent to which a buyer weighs price while making a purchase decision. Extremely price-sensitive customers will either search for less expensive options or decide not to make the transaction at all if the price increases. Customers with reduced price sensitivity, on the other hand, are less affected by price fluctuations and may be prepared to pay more for a product they believe to be worthwhile. Businesses need to understand

pricing sensitivity. Businesses create pricing strategies that meet consumer expectations and market trends by understanding how their target audience responds to price changes. However, price sensitivity isn't a set number. The type of goods, the consumer segment, and even the state of the economy all affects it. The availability of comparable products, brand loyalty, and income level are some of the variables that influence price sensitivity in a market.



Figure 2: Price Sensitivity with Customer Loyalty and Satisfaction

## 7. Recognizing Price Sensitivity

The degree to which consumers are receptive to a product or service is known as price sensitivity. A high price sensitivity indicates that consumers become disinterested in inexpensive products, whereas a low-price sensitivity indicates the opposite. To increase sales and profitability, firms must prioritize maintaining a balance between these two and using price tactics. A crucial component of handling price sensitivity is knowing your clients. The more information you have, the more likely you are to balance. Let's examine further why price sensitivity is critical to your company.

### 7.1 Optimising Income and Profits

Businesses may optimize their pricing strategy to maximize revenue and profitability by having a thorough understanding of price sensitivity. Businesses make sure they get the most out of every transaction by figuring out the best price points that strike a balance between profit margins and consumer demand.

### 7.2 Positioning in the Market Strategically

Businesses may strategically place their goods and services in the market by using price sensitivity information. Businesses may effectively target client categories and set their prices to stand out from the competition by measuring the impact of price changes on consumer behaviour.

### 7.3 Increasing Customer Contentment

Pricing must be in line with consumer tastes and expectations to promote loyalty and customer satisfaction. Businesses avoid overpricing products by taking price sensitivity into account, guaranteeing that buyers feel they are getting a fair deal. Repeat business and brand referrals are more likely to come from happy

consumers.

### 7.4 Market Targeting and Segmentation

Data on price sensitivity makes market segmentation and targeting more efficient. To maximize market penetration and revenue creation, firms customize their pricing strategies, product offers, and marketing messaging to appeal to client groups by identifying segments with differing levels of price sensitivity.

### 7.5 A Competitive Edge

Price sensitivity study gives companies information about their competitive environment. By knowing how price changes impact customer behaviour in comparison to rivals, companies can strategically position themselves by providing competitive prices or highlighting additional value propositions to support higher prices.

### 7.6 Innovation and Product Development

Strategies for innovation and product development are made possible by price sensitivity insights. Businesses prioritize investments in product innovations that support premium pricing or appeal to price-sensitive market groups by knowing which features or traits influence customers' perceptions of value.

### 7.7 Efficiency in Operations

Effectively controlling price sensitivity enhances cost control and operational effectiveness. Businesses can minimize waste and lower operating costs by optimizing inventory levels, manufacturing schedules, and resource allocation through precise demand forecasts based on price sensitivity and elasticity.

### 7.8 Mitigation of Risk

Reducing price sensitivity reduces the risks brought on by changes in the market and pressure from competitors. Businesses can lessen their dependency on a single pricing model and respond swiftly to shifts in consumer preferences, market dynamics, or rivalry by diversifying their pricing strategies.

### 7.9 Establishing Brand Value

Over time, brand equity is developed by consistently setting product prices that reflect consumer expectations and perceived value. Customers' trust and loyalty are gained by brands that successfully handle price sensitivity, improving their long-term competitiveness and market position.

### 7.10 Data-Based Decision Making

Price sensitivity analysis helps companies make data-driven, well-informed decisions about marketing, sales, and product development, among other areas. Businesses maximize resource allocation and strategic planning efforts to accomplish their goals by utilizing quantitative insights into market dynamics and customer behaviour.

## 8. India Aviation Market Industry Leaders

• **Overview:** The top five corporations have 58.36% of the consolidated Indian aviation market. According to alphabetical order, the leading companies in this market are Hindustan Aeronautics Limited, Dassault Aviation, Airbus SE, ATR, and Lockheed Martin Corporation [11].

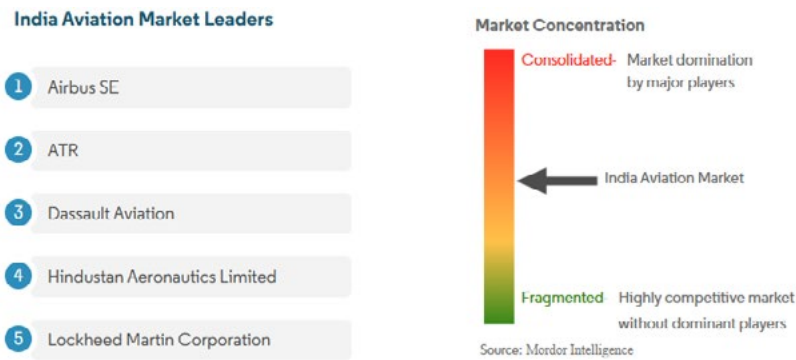


Figure 3: Indian Aviation Market Leaders

## 9. Data Analysis

### 9.1 Aircraft Movement at Indian Airports from 2014- 2024 by Type

Indian airports saw about 2.7 million aircraft movements in the fiscal year 2024. When compared to other years, there was a notable decline in 2021. The coronavirus pandemic's restricted air travel laws were the primary cause of the decline in aviation statistics.

• **India's Aviation Industry:** In the ten years before the coronavirus epidemic, the Indian aviation sector had grown significantly. Based on the quantity of airline passengers, it was the fifth-largest aviation market globally. IndiGo, SpiceJet, and GoAir are the

top low-cost carriers in the market. Due to their vast routes and reasonable costs, these airlines have been successful in attracting price-conscious Indian consumers.

• **IndiGo Airways:** The top airline in India at the time was IndiGo Airlines. Approximately 106.4 million passengers, both local and foreign, were transported by it in the fiscal year 2024. Its main office is in Gurgaon, and it was founded in 2006. With a market share of almost 61%, it controlled the industry and left its rivals in its wake. The airline has won various accolades for its performance and customer service, including being named by Skytrax as one of the top low-cost carriers in the world.

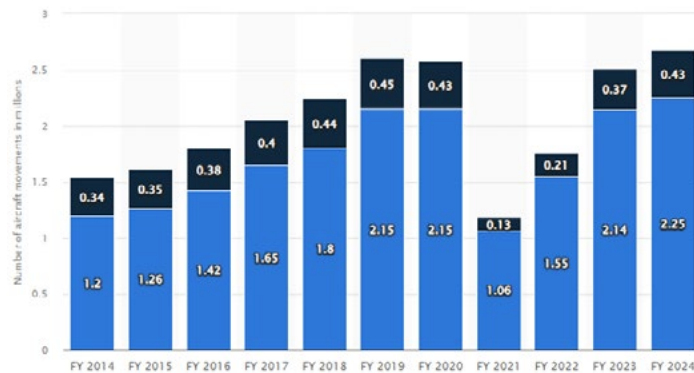


Figure 4: Number of aircraft movement at Indian airports from 2014- 2024 by Type. (in Million) Sources: Statista [12].



## 9.2 Domestic Market Share of Airlines across India

**• Domestic market share of Airlines across India in the Financial year 2024 By Passengers Carried:** The aviation industry in India has become a rapidly expanding sector. The industry had made a name for itself as a reliable and reasonably priced substitute for the tiresome and protracted road or rail travel. It was predicted that India would rank among the world's biggest aviation markets by 2034 due to its apparent growth tendency. With almost 62 percent of the market as of the fiscal year 2024, IndiGo was the leading passenger airline in the sector.

**• The Industry Leader:** In the same year, more than 376 million passengers were transported by Indian airlines at Indian airports. As of 2018, Jet Airways had the second-largest market share, after

IndiGo. The former passenger airline, however, ceased operations in April 2019 due to financial issues, leaving the market open for the latter with minimal competition.

**• A Flight for the Low-cost Airline Industry:** One of the reasons IndiGo Airlines has been quite successful in India is its low-cost, straightforward approach to domestic travel. The Directorate-General of Civil Aviation reports that during the fiscal year 2023, IndiGo Airlines transported more than 85 million passengers. With over 81% of its flights arriving on time, it was named third among the nation's most punctual airlines. IndiGo's popularity among domestic customers was strong, and it was expected to grow in the years to come as a provider with the fewest customer complaints.

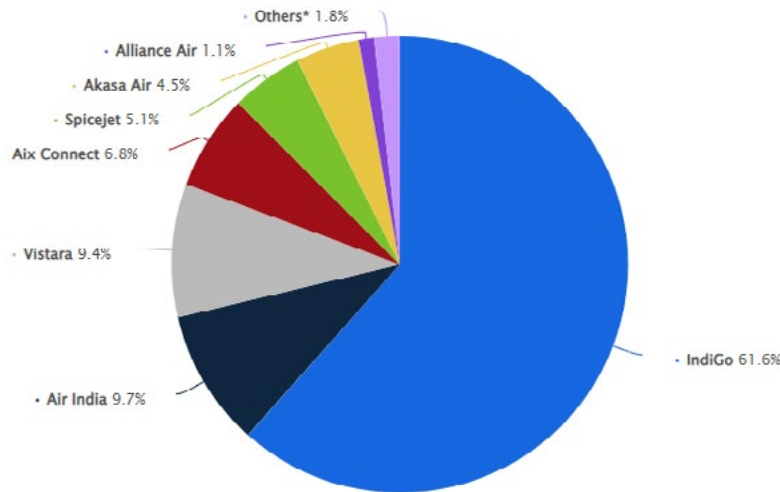


Figure 5: Domestic Air Passengers Carried by Airlines. Sources: FY 2023 and Statista 2024 Sources: Statista [12].

## 9.3 Air Passenger Traffic in India

India's air passenger volume exceeded 220 million passengers in the fiscal year 2024. Compared to the prior year, it was a significant

gain. Between 2014 and 2024, the compound annual growth rate (CAGR) for domestic passenger traffic was 9.7 percent, whereas the CAGR for international passenger traffic was 4.5 percent.

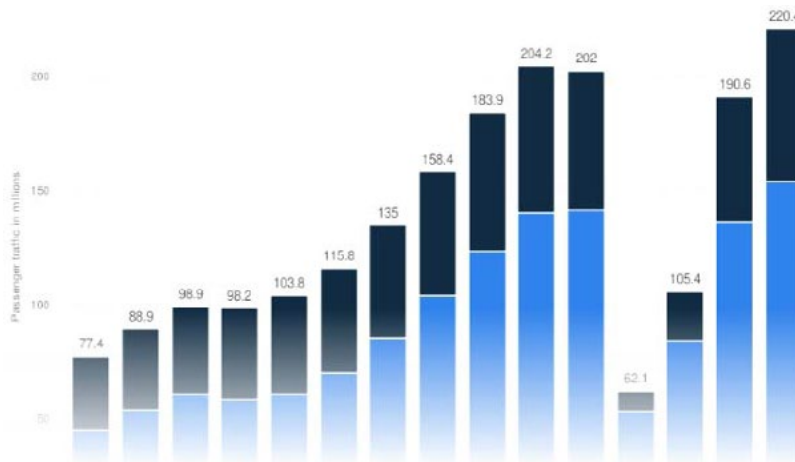


Figure 6: Air Passenger Traffic in India from 2010-2024 in Million. FY Sources: Statista [12].

## 9.4 Economic Growth

• **Growth of the Economy and the Middle Class:** In the world today, the middle class is the biggest consumer. By 2030, India is expected to be the fourth-largest travel-spending nation in the world. By then, according to reports from Booking.com-McKinsey & Company and People Research on India's Consumer Economy-India's Citizen Environment (PRICE-ICE), 47% of

India's population will be middle class, with more purchasing power. Another important factor in increasing India's appeal to international tourism stakeholders will be the country's youthful population. India's population is over ten years younger than that of major economies, with a median age of 28.2. The United Nations World Tourism Organisation reports that India is one of the top three outbound tourism markets with the quickest rate of growth.

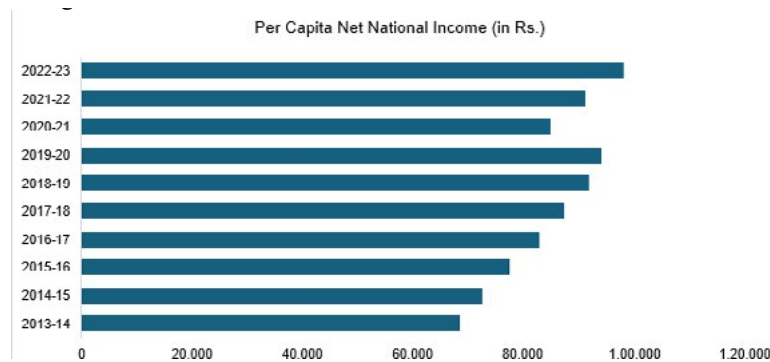


Figure 7: Economic Growth. Source: PIB and Indiabudget [13].

## 9.5 Passenger Growth

The aviation industry is experiencing a remarkable renaissance, driven by an increase in travellers. Both domestic and international

air transport are seeing historically high passenger volumes, indicating a robust recovery and a bright future for the industry (2024) [14].

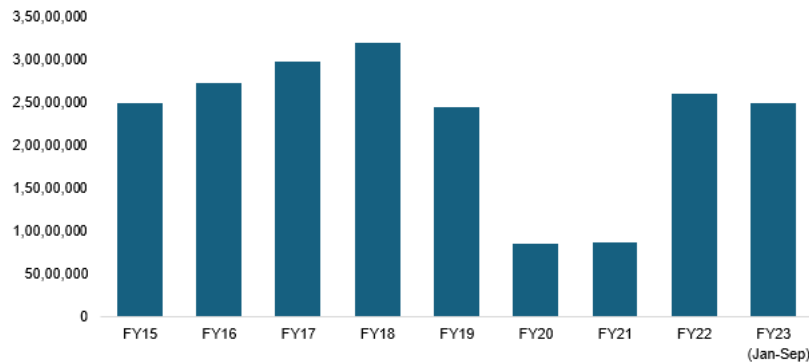


Figure 8: Passengers Traveling Internationally from India

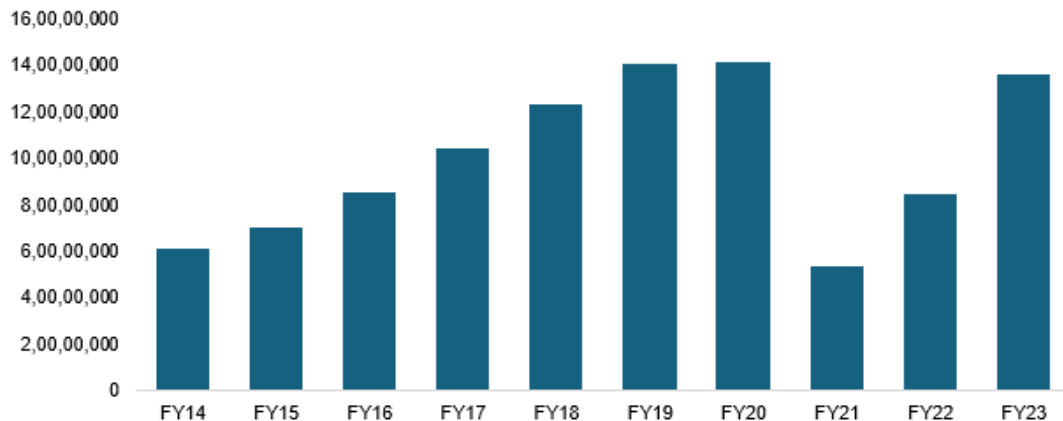


Figure 9: Passengers Traveling Domestically in India

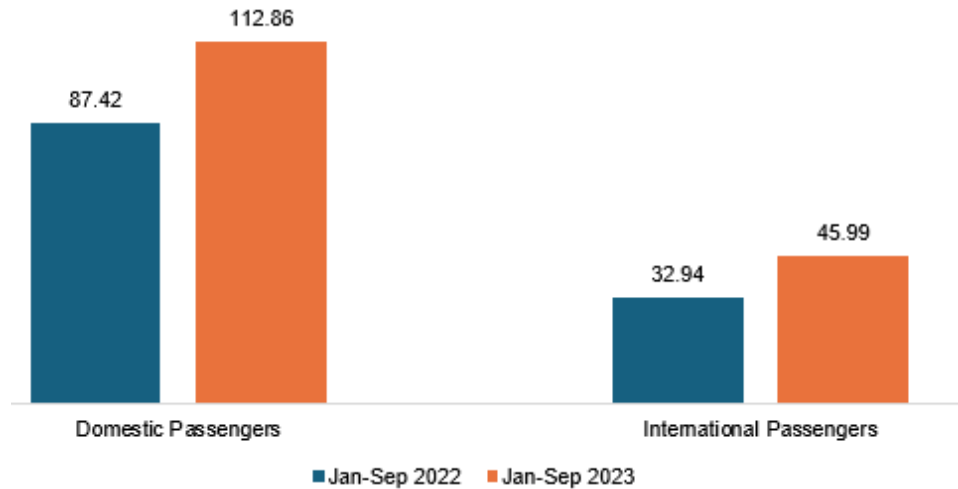


Figure 10: Passengers' Growth in Millions

Compared to the 87.42 million passengers transported over the same period last year, local airlines transported 112.86 million passengers between January and September 2023, a 29.10% increase. Similarly, throughout these nine months, carriers transported 45.99 million international passengers, a remarkable 39.61% increase over the 32.94 million passengers conducted during the same period last year.

### 9.6 An Analysis of India Aviation Industry

**• Trends in the Indian Aviation Market:** The market demand is being driven by the relaxation of regulations and an increase in air travel. Nearly 123.2 million people took flights in 2022. Compared to 2021, this represented a 47% increase in passengers. With others well behind, IndiGo maintained its dominant market share at about 55% at the end of the year. With respective market shares of 9.2% and 7.6% in December, Vistara and Air India came in far behind, followed by SpiceJet and AIX Connect (AirAsia India). Akasa Air finished the year with a 2.3% share, while Go First recorded a 7.5% share. IndiGo's 2022 passenger volume of 69 million was a million times better than its nearly 68 million passenger capacity in 2019.

Following the grounding of many aircraft, the corporation saw a reduction in capacity. In December 2022, domestic air passenger traffic increased by 15% year over year to approximately 129 lakhs, however, it was still 1% less than the pre-pandemic level (December 2019). In comparison to roughly 80% in December 2021 and roughly 88% in December 2019, the domestic aviation sector ran at a projected passenger load factor of roughly 91% in December 2022, according to ICRA. The number of passengers carried by domestic airlines in India between January and March 2022 was 24.8 million, up from 23.38 million in 2021. India started operating regular foreign flights again in March 2022, which resulted in a spike in international passenger volume.

As a result, Indian carriers handled 1.85 million passengers in April 2022, marginally more than the 1.83 million international passengers handled in April 2019. To resume international travel, the nation had air bubble agreements with 35 nations as of January 2022. More than 100 countries will have direct or indirect connectivity thanks to these air bubble setups [11].

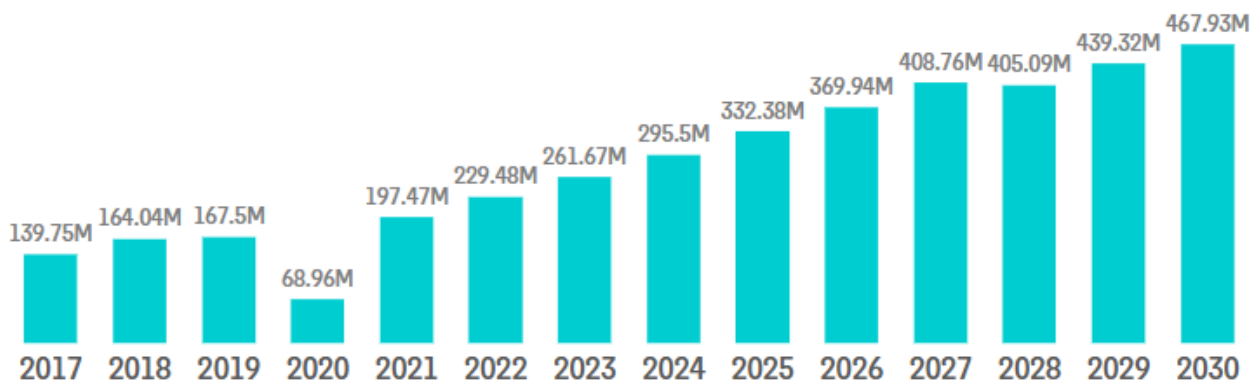
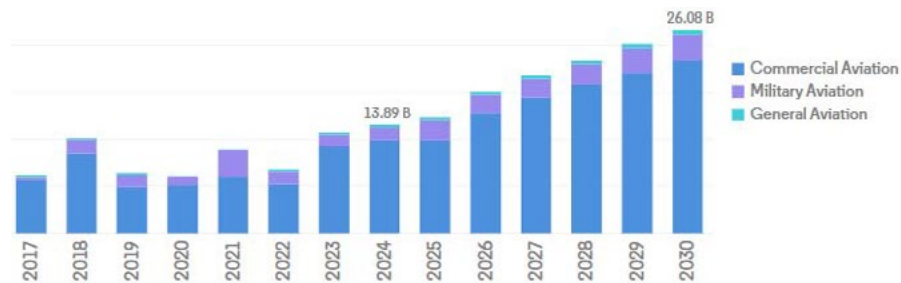


Figure 11: Number of Air Passenger Traffic and Travelled, in India from 2017 to 2030 Sources: Mordor Intelligence [11].





**Figure12: Indian Aviation Market Major Players Sources: Mordor Intelligence [11].**



**Figure13: New Aircraft Delivered by different Aircraft and types, India 2017-2030. Source: Mordor Intelligence [11].**

The Indian aviation market is divided into three segments based on the kind of aircraft: military, general, and commercial. Air passenger traffic, air transport freight, defense spending, military aircraft active fleet, revenue passenger kilometre’s, high-net-worth persons, and inflation rate are some of the key data points that were noted. Analysis of the Indian Aviation Industry, Industry

**9.7 Price Sensitivity and Elasticity Calculation**

Price sensitivity is commonly measured using the concept of price elasticity of demand. This economic term reflects how much the quantity demanded for a product changes when its price fluctuates. Here’s how to calculate it:

$$\text{Price Elasticity of Demand} = \frac{(\% \text{ Change in Quantity Demanded})}{(\% \text{ Change in Price})}$$

**• Economic Growth through Domestic Air Passengers**

13.89B in 2024 fore in 2030 it will be increased to 26.08B. The elasticity of demand is 12.19B /6 = 2.30

**• Domestic Air Passengers usages and Utility**

Passenger ration in 2024 is 295.5M and it will be increased in 2030 to nearly 467.93 million. So, Customer demand has increased here in quantity more than 2024. The customer difference and preference of airline travel in 2030 is 172.43 million Passengers will be increased. Now customer demand for elasticity is 28.73 million

**10. Research Methodology**

In all our reports, Mordor Intelligence uses a five-step approach.

**• Step 1: Determine Important Variables:** The variables and factors determined in Step One are compared to existing historical market data to develop a strong forecasting methodology. The variables needed for market forecasting are determined through an iterative process, and the model is constructed using these variables as the foundation.

**• Step 2: Create a Market Model:** Estimates of the market size in terms of revenue and volume have been given for the past and anticipated years. The average selling price (ASP) for each country is maintained at the same level over the course of the projection period, and inflation is not factored into the pricing for sales conversion to volume.

**• Step 3: Estimate Economic Growth and Passenger Utility Sensitivity:** Air travel has an impact on the economy both directly, through aviation-related activities, and indirectly, through higher expenditure and broader economic advantages linked to better access to markets, resources, technology, and economic mass. The demand for air travel is subsequently supported and created by economic activity. The reciprocal nature of the causal relationship between air travel and economic performance has not received enough attention, despite its possible significance.

**• Step 4: Confirm and Complete:** A comprehensive network of primary research professionals from the area under study validates all market data, variables, and analyst calls in this crucial step. To create a comprehensive image of the market under study, the respondents are chosen from a variety of levels and roles.

• **Step 5: Research Outcomes:** Databases & Subscription Platforms, Custom Consulting Assignments, Syndicated Reports Analysis of the Indian Aviation Industry, Industry Reports, <https://www.mordorintelligence.com>

### 11. Hypothesis Formation

- **H1:** Long-term economic growth and air travel are causally related in both directions.
- **H2:** The demand for air travel is significantly impacted by inbound tourism over the long term, but not in the near term.
- **H3:** Traffic levels are positively and significantly impacted by the deregulation of air travel.
- **H4:** Future technological developments and future employment opportunities are also identified.
- **H5:** national security and development of Défense capabilities with air passenger growth also identified.

### 12. Global Hub

The government will take the initiative to adopt regulations and upgrade infrastructure. To handle more passengers and improve regional connectivity, the government intends to spend \$12 billion by 2025 building new airports and renovating old ones. The country already has 148 airports, up from 74 in 2014, and the government plans to have 220 airports operating by 2025. According to Mr. Jyotiraditya Scindia, the minister of civil aviation, India's six main airports—Delhi, Mumbai, Chennai, Kolkata, Bengaluru, and Hyderabad—can currently handle 192 million passengers a year, with the potential to reach 420 million in the years to come. By the end of 2023, Delhi Airport's capacity was expected to rise from 70 million to 100 million passengers thanks to the ongoing expansion project.

### 13. Infrastructure Development

The role of airports in national economies is crucial since they are economic hubs. The degree of international competitiveness of any nation and investment inflows are directly impacted by the necessity of airport infrastructure as a component of the entire transportation system. In this context, Union Minister for Civil Aviation and Steel Mr. Jyotiraditya Scindia discussed plans to upgrade airport facilities in major Indian cities. In phase 1, priority is being given to six metro areas nationwide, with an emphasis on

airport capacity improvement, the minister continued.

Phase 2 will see a total of 10 airports—Bhubaneswar, Chandigarh, Goa, Patna, Guwahati, Lucknow, Jaipur, Ahmedabad, Thiruvananthapuram, and Kochi—experience congestion. The minister will soon inaugurate the new terminal buildings in Patna, Guwahati, and Lucknow to better serve the needs of travellers and meet the increasing demand for air travel in these regions. The minister also announced ambitious initiatives, including the expected opening of new airports in Navi Mumbai and Jewar by October or November 2024. The government's strategy plan to improve air connectivity and meet the growing demand for air travel includes these airports as essential elements.

### 14. Regional Connectivity

Ude Desh ka Aam Nagrik (UDAN), another name for the Regional Connectivity Scheme (RCS), is essential to this expansion. Over the past six years, the initiative has run multiple successful iterations with the primary goal of connecting underserved and unconnected areas across India. In addition to promoting regional economic growth, UDAN's primary objective is to guarantee that necessary air transport is available even in remote locations by modernizing underutilized airstrips and airports. With the implementation of a 10-year operational plan, UDAN will allow all Indian citizens to travel with equal privileges. Four new, profitable airlines have emerged in the previous six years, demonstrating that the RCS-UDAN has played a significant role in propelling the civil aviation industry forward. The program has made it easier for airline operators to start up and create long-term business plans. Additionally, it presents chances for tiny regional airlines to grow their business. These airlines' successful operations demonstrate the UDAN scheme's efficacy and the development of a favourable airline industry ecosystem.

### 15. Governmental Programs and Initiatives

A major factor in this success story has been the government's dedication to encouraging the expansion of aviation. The sector has been strengthened and its full potential realized through a series of carefully thought-out strategic initiatives.

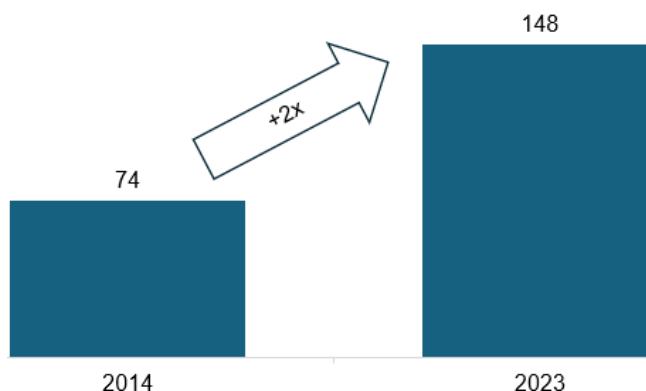


Figure 14: Airports in India grew from 2014 to 2023

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## 16. Future

### 16.1 Economic Growth

The air transport industry's contribution during the past 20 years. Over the next 20 years, the demand for air travel is predicted to rise by an average of 3% year. The aviation sector will contribute by 2038 if this expansion is realized. The global economy generates \$1.7 trillion in GDP and 13.7 million direct jobs. 76 million employments, \$4.3 trillion in GDP, plus indirect and induced contributions. When the effects of international tourism are considered, the aviation sector will generate \$6.3 trillion in GDP and 143 million jobs.

### 16.2 Sensitivity Analysis or Study

• **Effects of Slower Growth:** These projections assume that the aviation industry will expand at the anticipated pace. But forecasting for the next 20 years is inherently unpredictable, and unforeseen political and economic developments could, of course, derail these projections.

There is a likelihood that air traffic, especially international travel and air freight, will drop if globalization and protectionist trends continue. Studies on this scenario indicate that aviation activity will develop more slowly, with revenue passenger kilometers growing at an average annual rate of only 2.7% over the next 20 years.

### 16.3 By 2038 Scenario

• **In 2038, if this more Dire Scenario comes to Pass:** The aviation industry would lose \$78 billion in GDP and 227,000 direct employments worldwide. Considering the direct, indirect, and induced effects, air travel would support \$200 billion less GDP and 3.6 million fewer jobs. The aviation industry would sustain \$293 billion less GDP and 55 million fewer jobs once tourism is considered. The number of revenue-paying passengers on a vehicle (such as an airplane) multiplied by the distance travelled yields revenue passenger kilometres (RPKs), which are metrics of traffic.

### 16.4 Future of the Study

1. Increasing growth in the e-commerce industry is driving the development of this segment
2. Increasing air travel is a growth driver in the country
3. Fleet modernization and rising modern warfare are driving factors in the market studied
4. Rising economic growth might support the market's growth in the country
5. The increase in inflation may hinder air travelers, but economic growth may have a positive effect
6. The rise in HNWIs is acting as.
7. Other important companies include Bombardier Inc., General Dynamics Corporation, Leonardo S.p.A, Textron Inc., and The Boeing Company.

## 17. User Experience

To enable accelerated travel, the MoCA highlights the importance of adhering to international travel norms. To achieve the goal of creating international aviation hubs in India, it is imperative to

investigate changes to airport architecture and implement cutting-edge technologies to expedite immigration and security check procedures.

### 17.1 Cross-use of XBIS Machines

The goal of the Delhi Airport's study on the cross-use of domestic and international X-Ray Baggage Inspection System (XBIS) machines is to increase equipment availability and, as a result, cut down on wait times.

### 17.2 New Technology Deployment

E-gates and e-biometrics are currently being tested as a proof-of-concept for use in immigration procedures. The efficiency and security requirements for air travel will be redefined by these projects.

### 17.3 Increase in the Number of Workers

The number of workers needed for immigration officials and the Central Industrial Security Force (CISF) has been thoroughly examined. The planned expansion of existing airports and the construction of new ones across the country, including those in Navi Mumbai and Jewar, are considered in this research.

## 18. Conclusion

Customers believe that receiving high-quality service is crucial to assisting them in making the right choice. Therefore, the airline business, especially those in the internal or within the other countries, can profit from the ability to monitor service quality. The management can monitor and sustain enhanced service quality by using the accurate data that airline service quality measurement provides. The airline can evaluate its service quality and gain a better understanding of the many characteristics and how they impact service quality and customers' decision-making when choosing an airline by utilizing the airline service quality model. This will assist them in determining the airline's advantages and disadvantages and in implementing the required changes. It is crucial for the airline industry, and particularly for the airlines to be profitable and guarantee continuous growth, that more research be done to improve understanding of the concepts of airline service quality and customers' decision-making when choosing an airline and how they are measured [15].

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