



Aviation Industry in India during Covid-19 and Post Covid

¹Aniket Joshi, ²Gayatri Matade, ³Simran Kaur Chhabda

¹Principal, ²Lecturer, ³Lecturer

¹Principal of MGM IHM,

¹MGM University, Aurangabad, India

The present paper is an initiative to understand the situation of the Aviation Industry during the pandemic attack of the Novel Coronavirus and its effects. The objective of this paper is to undertake an empirical study on the situation with regard to Indian Aviation. Given the turbulence caused due to the outbreak of Covid-19, it is crucial for the aviation industry to focus on the horizon to successfully navigate the challenges (including legal, financial, and operational) which are likely to surface once the pandemic is behind us.

Index Terms - Indian Aviation, New Normal, IATA, Novel Corona virus, Global Pandemic

I. INTRODUCTION

Globally there are 40,000 airports from which India contributes to 464 airports and airstrips, of which 125 airports are owned by Airport Authority of India (AAI). These 125 AAI airports manage around 78% of domestic passenger traffic and 22% of international passenger traffic. India is the 5th largest market in terms of aircraft passengers and is now the 3rd largest- and fastest-growing- aviation market in terms of domestic tickets sold. In our country, the aviation sector contributes to \$72 bn to GDP. Covid-19 has emerged as a major black swan event and has majorly impacted almost all industries but disruptions in the airline industry is so intense that it is assumed to be wider than the combined crises of 9/11 and 2008 global financial put together. The situation is deteriorating and few airlines have entered survival mode.

The salient points affecting the aviation industry after the pandemic include the decline in tours and travels as a huge number of international as well as domestic flights are cancelled all across the globe to restraint the transmission of the virus. The government all across the globe are cancelling the visa of foreign people and locking down affected area which is the major reason behind the slack in the aviation industry. The lockdown in the country and globally to contain the COVID-19 pandemic has stalled traffic on the ground as in the air and is expected to heap enormous losses.

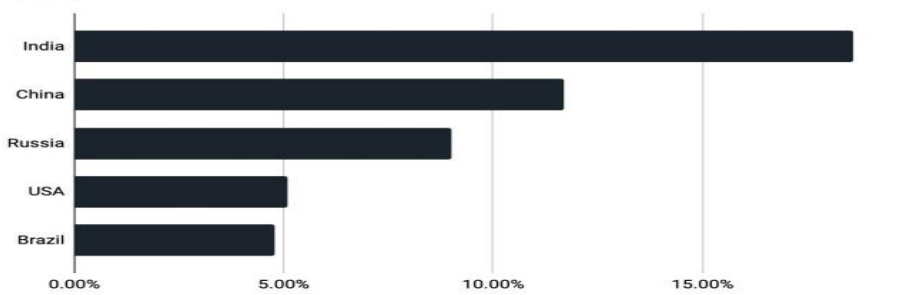
II. LITERATURE REVIEW

Researchers have evaluated the initial impact of Covid-19 on air transport and found that it may lead to a smaller, consolidated sector in the future. Cranfield University research involved a detailed interviews series done with senior aviation industry executives and analysis of flight and air freight data, the paper is published in the Journal of Transport Geography. Due to lockdown the flight numbers have reduced since March and the data shows that the impact is stronger in international markets compared to domestic markets. Interviewees assume the current situation will lead to consolidation and a significantly smaller industry. Post the lockdown, the Indian aviation industry is losing almost 75 – 90crore on a daily basis. This assessment was presented by ICRA, a banking and credit rating agency. There has been an overall loss of \$3.3- 3.6 billion, that has been incurred by the Indian aviation sector, which includes, airports, airlines and ground handling agencies during the period of April – June 2020. According to the International Air Transport Association, airlines globally can lose in passenger revenues of up to \$113 billion due to this crisis.

III. IMPACT

Until the pandemic attack of Corona virus, aviation was an indispensable part of domestic and international travel for both leisure and business travel. Flying is quickest mode of travel and in comparison to the speed it offers, it is also cheap. It has also become a status symbol. As per ICAO(International Civil Aviation Organization) over 4.1 billion passengers travelled by air worldwide in 2017 which accounts for around 60% of world population of 2017.

Fastest growing domestic Aviation market (2018 over 2017) via IATA



Particularly in India there was a double digit growth rate, aviation industry had made its place as a catalyst and a vital contributor in global economies and development.

With global travel restrictions, grounded fleets, benched staff, uncertainties in travel schedule, ticket liabilities, and cash burn, the survival of the aviation sector is in the question of the doubt for even its survival. Subsequent to the 9/11 situation it took a lot of time for the aviation industry to come back. It's not a question of only restrictions, visas not being allowed, travel not being allowed, airlines not being allowed. Even after all these are allowed, there will be apprehension. The major influencing factor is the economic aspect. Will people travel, if they do would it be for leisure or on business? It will take a long time for this to happen. Then the question is of people going out to destinations and being apprehensive. So, the first victim will be the airline industry. How many flights will be operated? Even when a plane is on the ground costs the airline enormously. In India, for example, out of the 650 planes, 50% of them have been taken on lease. So even while they're on the ground the lease rentals are being paid. With the benched unproductive staff, the machines too are being unproductive with the high demonetization and maintenance cost. Both manpower and machines are at a heavy toll on the aviation industry. The revenue loss certain presumption is that the grounding of the fleet or airline would last only a maximum of three months. If it extends the revenue loss will be higher and, subsequently, the losses will be higher. In the meantime, if certain airlines are not able to sustain their operations, there will be a question mark on the airline's future and may even enter liquidity. IATA gave a statement that projects 25 million people losing their jobs. Imagine such a scenario where there is a large chunk of airline employees losing jobs, including pilots, who are otherwise difficult to get. So the future is bleak. It is very difficult for anyone to visualize how the situation will unfold.

According to the newspapers and the recent statements of the DGCA [Directorate General of Civil Aviation], even when the flights are put back into operation, the concept of social distancing will be imposed on the airlines. If the aircraft will be flying only one of its capacity just imagine the kind of fares that an airline will have to charge to sustain its operations. India is a price-sensitive market. We are perhaps getting back to the era of the 1940s and the 1950s where only the elite could afford to travel. So, it's a tight spot. Indian industry is in a unique position. Most of the airlines that came up 10-15 years ago have only seen the great times. In the aviation industry, the airlines have a boom period followed by a tough period. Once you are chasing market share at the cost of profitability, survival of airlines is tough. It is basically a very scary scenario. Rating agency ICRA in a recent note said considering the daily net loss of Rs 75-90 crores during the shutdown of operations and the expected weak demand, the Indian aviation industry will require additional funding of Rs 325-350 billion over FY 2021-22.

I. RESEARCH METHODOLOGY

This research paper is based on secondary data collected from various online sources, different research papers and from the Google search engine. We have also used few data gathering Tools (On Site Observations, Interviews, and Questionnaires via Google Forms) for gathering information about travelers travel plans post the pandemic. In this paper we study the impact of pandemic attack on Indian Aviation Industry and its way ahead post lockdown and the government travel limitations upliftment. We did a survey to analyze the frequent travelers view in regards of their travel plans in 2020.

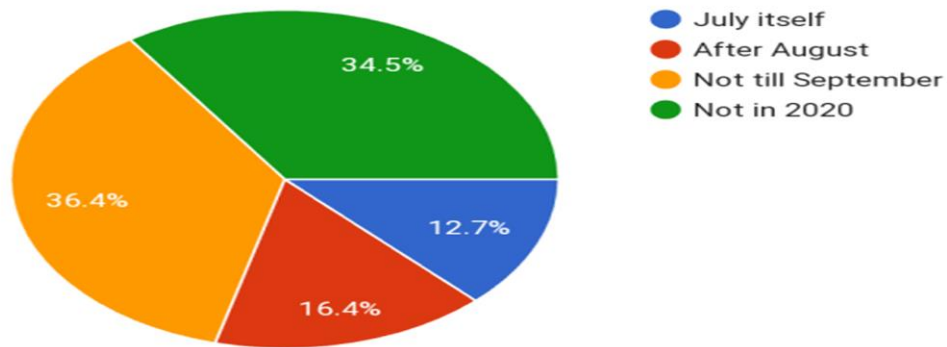
3.1 Data Analysis and Interpretation

The authors conducted a survey analyze the Aviation Industry: Covid-19 Effect with regards of Indian frequent travelers. The survey involved sending a detailed questionnaire to respondents via Google Link and 55 responses were received. The responses are illustrated in the below graphs for reference.

Q.1.

How soon do you plan for a visit out of your city?

55 responses

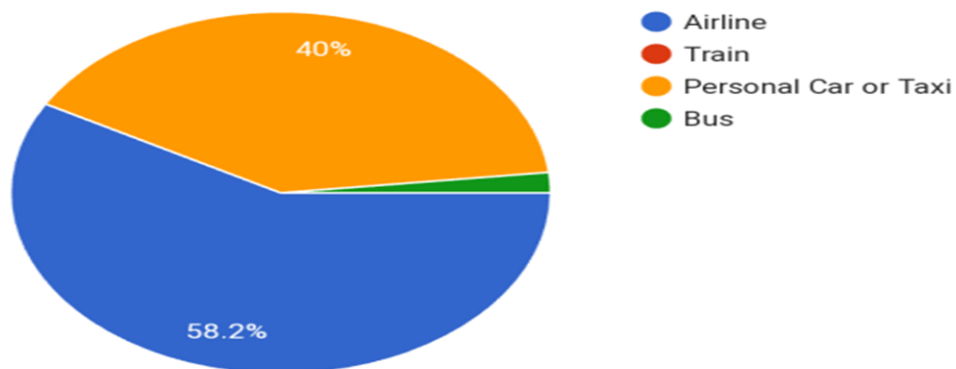


Interpretation: About 34% of citizens do not feel safe to even go out of their city in 2020.

Q.2

Which mode of travelling would you prefer to travel in the near future?

55 responses

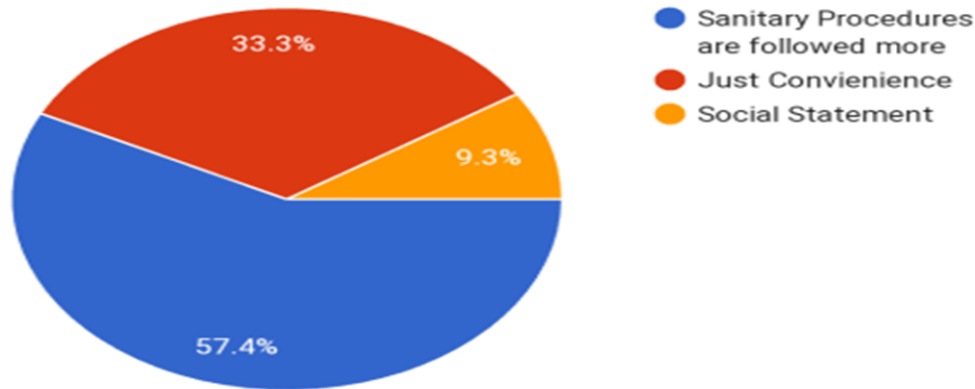


Interpretation: About 58% travellers feel it is ideal to travel via aircraft.

Q.3.

Why do you prefer taking a flight over any other mode of travel especially post this pandemic?

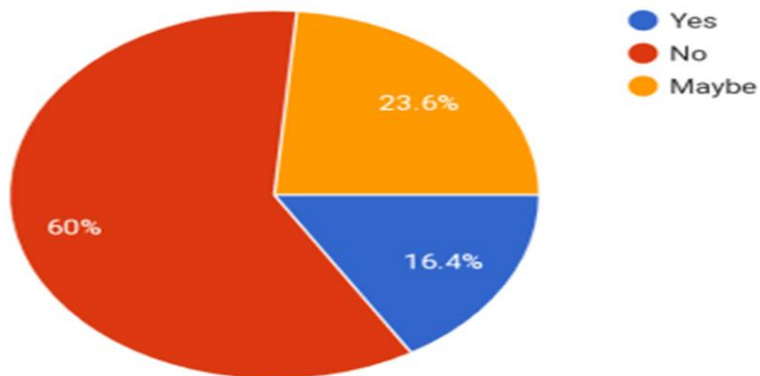
54 responses



Interpretation: Around 57% travellers prefer travelling via airlines due to safe hygienic and sanitary procedures they follow.
Q.4.

Do you support the airfare to increase after lockdown?

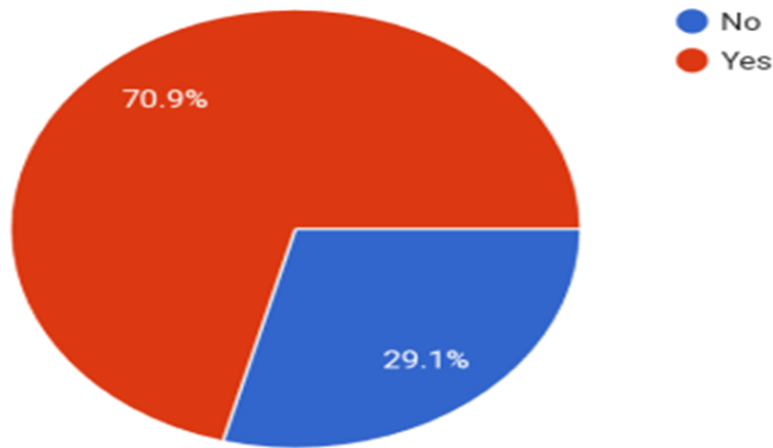
55 responses



Interpretation: 60% of the travellers do not support the idea of airfare to hike.
Q.5.

Do you support the idea of Lockdown in India extension even after June, 2020?

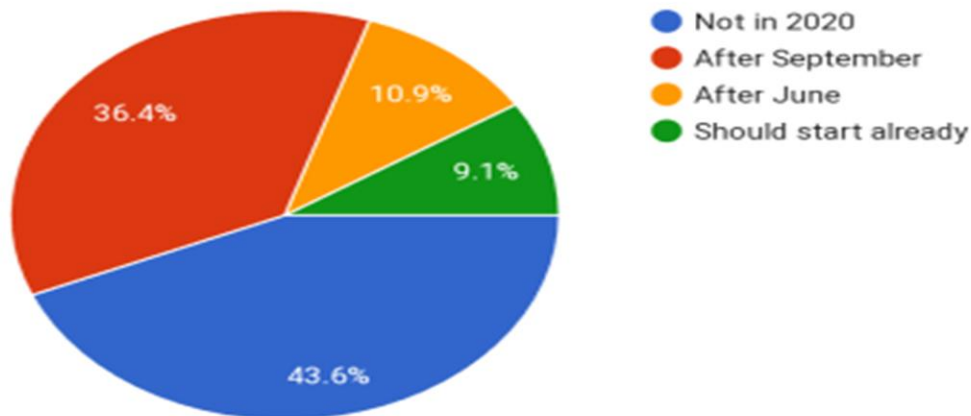
55 responses



Interpretation: Around 71% of citizens feel the travel restrictions should be extended even after June,2020 with extension in lockdown. Q.6.

How soon do you think International Travel should be allowed?

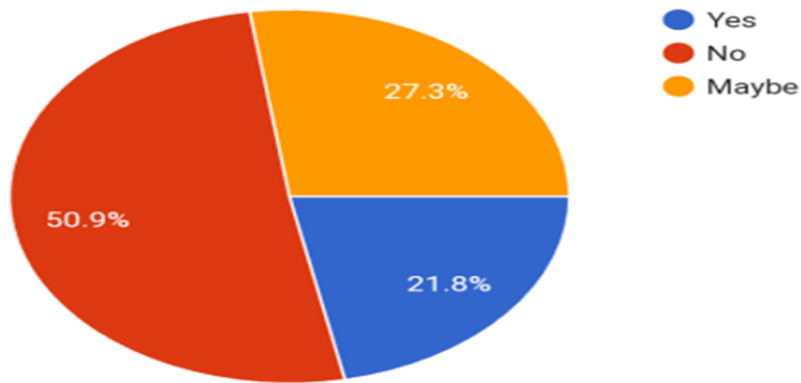
55 responses



Interpretation: 44% of travellers feel that International Travel should not be allowed in 2020. Q.7.

Would you choose Leisure Travel in 2020?

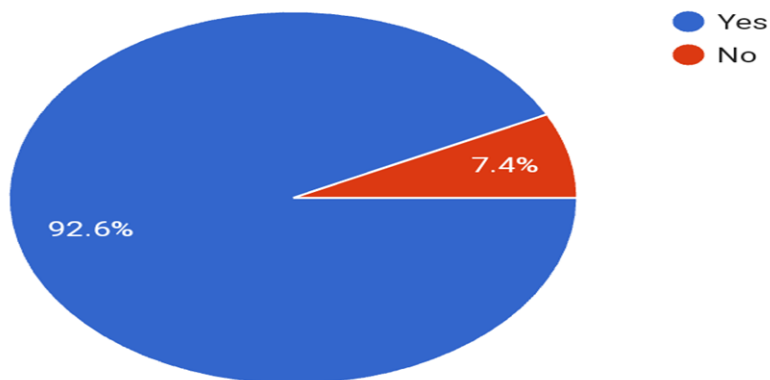
55 responses



Interpretation: Around 51% of frequent travellers would not prefer any leisure travel this year.
Q.8.

Do you genuinely follow the sanitary procedures to protect yourself from Covid-19?

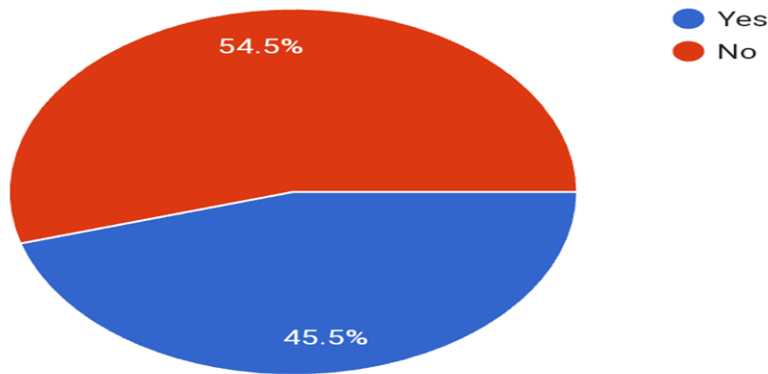
54 responses



Interpretation: About 93% people genuinely follow and support the sanitary procedures for protection against Covid-19.
Q.9.

Post September do you plan to have a physical meetings than the current scenario of Con Call or webinar?

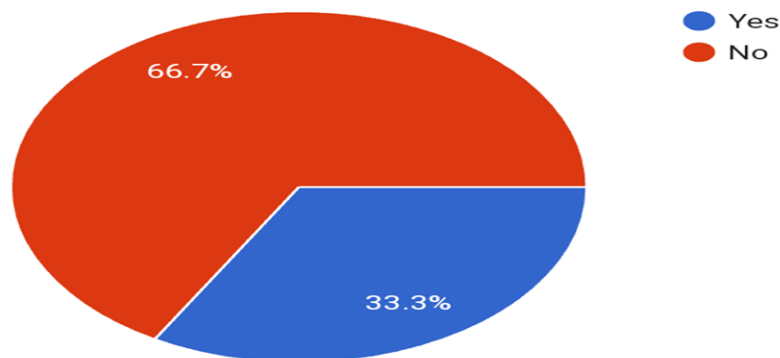
55 responses



Interpretation: 55% People still do not feel safe to conduct physical conference even after September.
Q.10.

Would you prefer non essential travel in 2020?

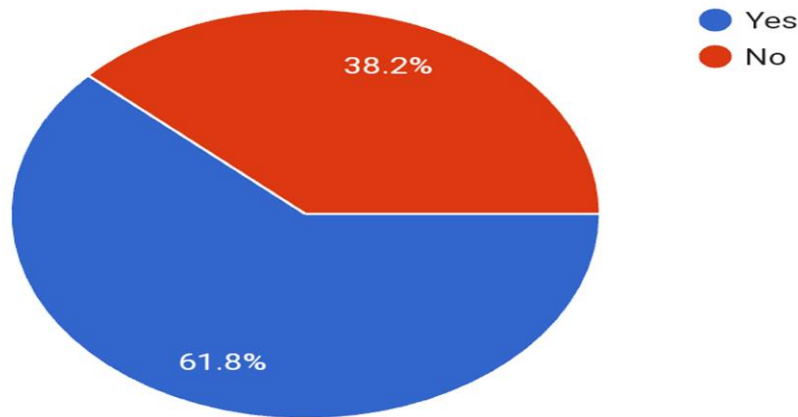
54 responses



Interpretation: Around 67% people do not prefer any non-essential travel in 2020.
Q.11.

Do you prefer Indian Airline over any International Brand even for domestic travel?

55 responses



Interpretation: 62% travellers prefer Indian Airline brands for their travel.

IV. RESULTS AND DISCUSSION

Post COVID-19, flying is going to be the safest mode of travel. It can be strongly said that it is safe to fly in the post-COVID world with some precautions, as compared to other modes, where the air is not filtered as efficiently as any aircraft. The airflow inside the aircraft is from the top to bottom, where fresh air comes from the top and is sucked out by vents on the floor level. Due to this air cycle, the air inside the aircraft is nearly as good as new every three minutes approximately. On top of it, the very high-quality HEPA filter in the aircraft is capable of cleaning even tiny particles and that includes viruses like the coronavirus. We can safely say that it is safe to fly in the post-COVID world with some precautions, as compared to other Precautions are likely to include temperature checks of passengers, masks, and other protective gear mandatory for passengers. While the dangers of Covid-19 are present, human psychology may misinterpret and modulate many aspects of an epidemic that could manifest flight anxiety among happy fliers. Flight-related anxieties may limit people from embracing air travel to not flying at all. Lack of social distancing will be seen as the limiting factor in ensuring wellbeing onboard aircraft. The fact that this limitation can be overcome with alternative means may remain poorly understood by some. Indian Government has resumed domestic flights from 25th May after nearly two months of deferral due to the coronavirus outbreak but placed lower and upper limits on airfares depending upon the flight duration. The Indian government-imposed upper and lower limits on airfares could even be extended beyond August 24 depending upon things. It had said on May 21 that these limits would be in situ for a period of three months. If liquidity is the problem, the important issue is time. It is how long will it take for the airline to urge back on its feet and resume flying more normally? If solvency is the problem, the company cannot survive the demand collapse it is facing. The Covid-19 pandemic is such a fraught time for airlines due to the problem in predicting when the crisis will end. This can complicate determining whether it's a more temporary credit crunch or a deeper solvency concern.

The Way Ahead

It is also possible that prolonged, severe shortage of capital and an awareness of the climate crisis could, hypothetically, lead to massive change. But governments' concern for jobs is probably going to displace environmental concerns. Political forces on the left and right would need to mend fences and agree that, during a depression-like scenario, a replacement world is required, not just a replacement normal. The concept of air travel will undergo a sea of change with more sanitary precautions and procedures. Social distancing will lead to fewer passengers on the plane leading to only 50% of airplanes capacity being utilized. This would eventually lead to making aviation commercially unviable. To overcome this economic barrier the airlines will hike the airfare and will challenge them to look at alternative avenues that would allow aircraft to fill to capacity and be Covid-19 free. Emphasis would be laid on technological innovations for contactless processes. Some processes will be applied globally, e.g. use of mask, social distancing at all times, and minimal movement inside the aircraft. It while b more reassuring to fly with minimum instances of contact. Flight attendants will play their primary role as "Safety Attendants" and also as a on board Health Inspector. Turnaround times for aircraft will significantly increase. The aircraft apart from just being cleaned will be disinfected. Such Turnaround time may be annoying for passengers on multi hop journeys. Mapping of travel history will be a mammoth task for travelers who fly over airline networks spanning continents. The demand for business class is sure to hike as the personal space is reassuring; it gives more sense of health and space security. International travel will remain limited with strict immigration control at airport, which may include being quarantine on arrival.

Airfare hike is the least that airlines can do. Air travel may get costlier. Until complete revival from Covid-19 is done, every airline will have to make its own strategy to overcome from the negative effects from the pandemic attack. The route map may change dropping may tier two and three cities. Smaller planes will be used for international travel. Vaccine is the only solution to this novel corona virus; it may take coordinated effort over the time. Till then we all have to accept this challenging new normal. Indian Aviation is quickly

adapting, evolving and technologically innovating their operations area to overcome the challenge. It will take a lot of continuous effort for having the flying sky back. Even in this challenging time we have to stay motivated, focused and futuristic and remember that people will never stop travelling, it is just a halt, business and busy airports will be back soon.

REFERENCES

- [1] Alcock, C. (2020, March 13). Business Aviation Confronts Covid-19 Reality as Fallout Spreads. Retrieved from <https://www.ainonline.com/aviation-news/business-aviation/2020-03-13/business-aviation-confronts-covid-19-reality-fallout-spreads>
- [2] Aviation. (2020, May 31). Retrieved from <https://en.wikipedia.org/wiki/Aviation>
- [3] Aviation India. (n.d.). Retrieved from <https://www.aviationindia.net/>
- [4] Explained: How Covid-19 could affect aviation in the long run. (2020, June 19). Retrieved from <https://indianexpress.com/article/explained/covid-19-aviation-industry-6454695/>
- [5] ETMarkets.com. (2020, April 10). How bad is the impact of coronavirus on India's airlines? Retrieved from <https://economictimes.indiatimes.com/markets/stocks/news/how-bad-is-the-impact-of-coronavirus-on-indias-airlines/articleshow/75080538.cms>
- [6] Golding, W. (2002). Turbulence and Its Impact on Commercial Aviation. *Journal of Aviation/Aerospace Education & Research*. doi:10.15394/jaaer.2002.1301
- [7] How COVID-19 Is Transforming Global Aviation's ... - Forbes. (n.d.). Retrieved from <https://www.forbes.com/sites/oliverwyman/2020/04/06/how-covid-19-is-transforming-global-aviations-outlook/>
- [8] Impact,S.(2020, June 11). Covid-19 And Social Impact. Retrieved from <https://www.forbes.com/sites/sorensonimpact/2020/04/10/covid-19-and-social-impact/>
- [9] Sadhu, S., & Srivastava, S. (2020, May 06). Covid-19: Flight Plan for Indian Aviation Industry. Retrieved from <https://corporate.cyrilamarchandblogs.com/2020/05/covid-19-flight-plan-for-indian-aviation-industry/>
- [10] Travel before tourism. (1985). *Tourism Management*, 6(4), 309-310. doi:10.1016/0261-5177(85)90014-7
- [11] Universal. (2020, June 19). Coronavirus (COVID-19) impact on business aviation. Retrieved from <https://www.universalweather.com/blog/how-the-coronavirus-outbreak-is-impacting-business-aviation/>

