



IndiGo and SpiceJet Aviation Industries' Contribution towards Indian Economy: In-depth Analysis

SEJAL MAKWANA

RESEARCH SCHOLAR

BUSINESS STUDIES DEPARTMENT

SARDAR PATEL UNIVERSITY, VALLABH VIDYANAGAR, GUJARAT, INDIA

Abstract: In the Globe India is recently the 7th largest civil aviation market and in upcoming years civil aviation market becomes the third largest in the world. According to research data IndiGo airline company is the top airline in the India due to its highest market shares. India has enhanced the third immense domestic aviation market in the globe and also anticipated to overtake UK to become the third largest air traveler market by 2024. The main motto of this research is that Aviation Sector- IndiGo and SpiceJet Airline Industries contribute towards Indian Economy as per their in-depth analysis. The current research study analyzes the profitability of the IndiGo Airline and SpiceJet Airline that are both Private sector companies. This research study is based on secondary data from various annual reports of airline companies.

Keywords: Aviation Industry, In-depth analysis and Contribution towards Indian Economy.

I. INTRODUCTION

In India aviation industries which are operated by scheduled and non-scheduled airlines and its play a vital role in the aviation department's growth as services like as ground level management and MROs are further driven. At Domestic level scheduled operators such as Air India, Air India Express, SpiceJet, IndiGo, Go Airlines, Vistara (TATA SIA Airlines), Jet Airways etc. At current situation the aviation sector contributes \$72 billion to GDP. It is required to increase in demand in the growth of the ecosystem and the government policies. On the base of National Civil Aviation Policy- NCAP (2016), Government of India takes Initiative for flying to the masses. And also wanted to enhance its affordability. In more, they also enhance business, deregulation, simplified procedures and e-governance.

II. ABOUT INDIGO AIRLINE

InterGlobe Aviation limited which is running business as IndiGo in India. IndiGo is a low-cost carrier airline in India. It's headquartered which is situated in Gurgaon, Haryana, India. As per data IndiGo airline is the fourth largest passengers' carrier in Asia. As per November 2022 data this airline has carried more than 300 million air travelers. According to November 2022, IndiGo airline industry operates 1600 flights from 101 destinations which includes- 75 domestic and 26 internationals on daily basis. IndiGo airline also got 3rd Rank as most punctual aircraft in the entire globe in 2021. According to International Monetary Fund (IMF) India is thinking to grow at a higher rate of 7 percent on yearly based till 2025. In more, International Monetary Fund also expected that India will achieve best growth rate and also crossed China's growth rate during the time duration. As per data analysis the number of domestic airline travelers was increased which was more than double in the year of 2020 (137.2 million). From the last ten years calculation, it has been observed that the total number of domestic as well as international passengers has grown 2.5 times. Recently IndiGo Airline's President Shree Aditya Ghosh told in her speech that travel and tourism industries have a great symbiotic relationship with the GDP of the India. As now 9.4 percent of India's GDP which is contributed by tourism and travel sector. That means these industries also provides 41million jobs to the India and in upcoming 10 years India is expected to promote about 500 billion dollars in earnings by the year.

III. ABOUT SPICEJET AIRLINE

SpiceJet airline which is second largest airline in the country of India as per their number of domestic travelers carried. It's headquartered is situated in Gurgaon, Haryana. This airline is an Indian economy cost carrier based at Indira Gandhi International Airport. SpiceJet airline operates total number of 630 flights to 64 locations on daily base. Among 62 destinations 53 destinations are Indian and 9 destinations are international destinations. This airline operated its flight in the year of May 2005. Covid-19 pandemic and frequently lockdowns affected very badly to the Indian economy. But afterwards due to some releasing restrictions, several infrastructure projects, festival demands resulted in a recovery of travel demand during second half of the year. During the financial year of 2020-21, according to IMF (International Monetary Fund) the GDP rate of India was estimated to have contracted by 8%. Now the civil aviation sector has emerged as one of India's rapidly growing sectors over the few years. In all over the world, India has become the 3rd largest domestic aviation market. Due to demand and growth of air travelling in India is the reason of rising incomes, affordability in fares and improved connectivity throughout the globe.

IV. OBJECTIVES OF RESEARCH

The key objective of IndiGo airline and SpiceJet airline are as under: -

1. To compare the Ratio analysis of IndiGo airline and SpiceJet airline in India.
2. To make conclusion for the IndiGo and SpiceJet aviation industries' contribution towards Indian economy through Ratio Analysis.

V. REVIEW OF LITERATURE

Chandra Bhowal (2019): "Comparative Analysis of the Trend and Financial Performance of Private Indian Airlines", in her study the focus point was ratio analysis of private Indian airlines. In this study it was found that as per the comparison of SpiceJet airline and IndiGo airline, SpiceJet's solvency ratio was higher than other airline. In this research study it has been shown that it's a different kind of ratio analysis like Debt equity ratio, Capital Employed ratio, Total Assets to Debt ratio, Current Assets ratio, Acid Test ratio between both the airlines. Finally on the base of research study during the study period it was found that both airlines SpiceJet and IndiGo' profitability is moving towards increasing direction.

Bharath K.A. (2017): "Comparative Study on Growth and Financial Performance of Jet Airways, IndiGo Airlines & SpiceJet Airlines Companies in India", in his study it's based on comparison between selected airlines and different parameters through its price level, growth of airlines and challenges affected to the air passengers. In this study it also reflects airline's work, corporate social responsibility (CSR) and their management. According to study it has been observed that IndiGo airline is the excellent due to its services, discount packages and many more. As the comparison between SpiceJet and Jet Airways they are also doing well in this sector and providing best services to the customers.

Umang Sharma (2019): "Comparative Study on Financial Performance of Jet Airways and InterGlobe Aviation Working in India"- the main focus on this study is to analyze the financial performance of selected different kind of airline companies. This research is ratio analysis like (Profitability and Liquidity ratios). In the study researcher used ANOVA test as a statistical tool and did data analysis. At a conclusion there is a significant difference between financial performance of selected aviation companies.

VI. DATA ANALYSIS AND INTERPRETATION

Table-1 Financial Data of IndiGo Airline Company

(Rs. In Million)

Years	Net Profit	Operating Expenses	Revenue
2016-17	19861.61	138315	166550
2017-18	16591.88	172252	193696
2018-19	22423.74	208411	239677
2019-20	1561.35	299708	298217
2020-21	2481.59	375673	372922

(Source: Annual Report of IndiGo Airline of 2016-17 to 2020-21)

Graph No-1 Financial Data of IndiGo Airline Company

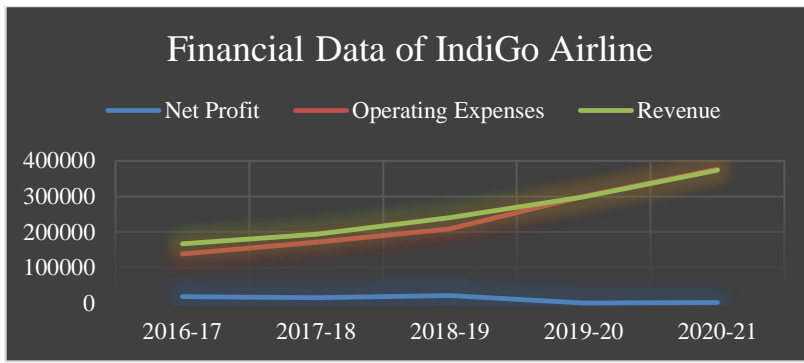


Table No-1 and Graph No-1 indicated Financial Data diagram of IndiGo airline company from the year of 2016-17 to 2020-21. Here in this diagram, there are total number of three parameters are indicated which are Net Profit, Operating Expenses and Revenue of IndiGo airline. According to study it shows Net profit was in fluctuating trend from 2016-17 to 2020-21. Operating Expenses ratio was increasing trend during the study period of 2016-17 to 2020-21. And Revenue margin can be seen in increasing mode. After all it can be stated that IndiGo company should take steps for maintaining its profitability.

Table-2 Financial Data of SpiceJet Airline Company (Rs. In Million)

Years	Net Profit	Operating Expenses	Revenue
2016-17	449.79	46559	52167
2017-18	430.73	56509	62714
2018-19	566.66	70424	78794
2019-20	-316.08	91231	91715
2020-21	-934.76	118621	131360

(Source: Annual Report of SpiceJet Airline of 2016-17 to 2020-21)

Graph No-2 Financial Data of SpiceJet Airline Company

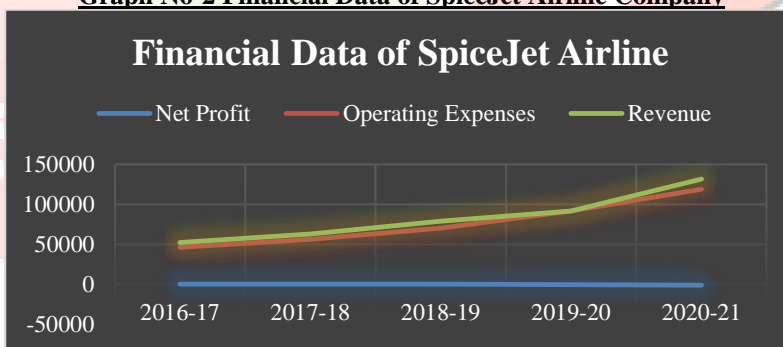


Table No- 2 and Diagram No-2 explained financial data of SpiceJet Airline in India, which included Net Profit, Operating Expenses and Revenues. Here as per research study data Net Profit is fluctuating. From the starting period of study Net profit ratio was in positive trend and afterwards it was declined into negative margin. Operating Expenses and Revenue both margins are in raising mode during the time duration of study.

Table No-3 Market Share of IndiGo Airline Company

Years	Market Shares of IndiGo Airline (%)	Market Shares of SpiceJet Airline (%)
2016-17	37%	13%
2017-18	40%	13%
2018-19	40%	13%
2019-20	43%	13%
2020-21	48%	16%

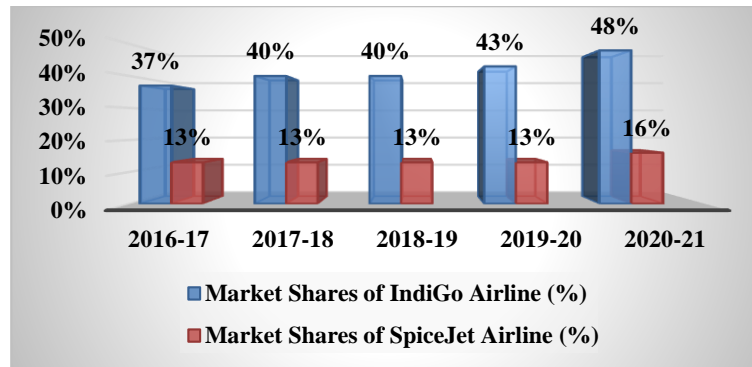
Graph No-3 Market Share of IndiGo Airline and SpiceJet Airline

Table No-3 and Graph No-3 declared Market Share of IndiGo airline and SpiceJet airline. Here can be seen that IndiGo market share was increasing in 2017-18 then in the year of 2018-19 it was stable 40%. Afterwards again it started to raise 43% and 48% in 2019-20 and 2020-21 respectively. Here SpiceJet airline's market share was stable 13% From 2016-17 to 2019-20. And in 2020-21 it was increased by 16%. According to research study it can be observed that both company's market share was in good position and as per comparative study IndiGo airline's share value is good in the market. Due to market share value is high, its GDP growth rate is also high.

VII. CONCLUSION

On the base of research data, it can be seen that both IndiGo and SpiceJet airline companies' revenue margin always in increasing mode. As per above research study, it has been seen that market shares of IndiGo and SpiceJet airline companies moving in positive trend. There are many obstacles which are affected to aviation sector due to Covid 19 situation in India. And due to this condition India's economy growth was became stable. But afterwards it's in improving stage which are blissful to India's economy. At last Aviation sector plays a vital role in growth of Indian Economy.

VIII. REFERENCES

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