

Air India-Tata vs IndiGo: Who Will Become King of Indian Skies

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New Delhi: Covid-hit aviation industry in the country witnessed two significant developments in form of Air India-Tata deal and the Rakesh Jhunjhunwala backed Akasa Air's impending entry. With these, we may witness tough competition in the aviation industry. However, IndiGo is expected to maintain its dominant position in Indian skies, despite the massive build-up of Tata Sons' aviation assets, as per an IANS report.

IndiGo

- The no-frills airline has a fleet size of 275 aircraft, IANS reported.
- It has a domestic market share of a staggering 58 per cent, the IANS report says.
- IndiGo operates service in 71 domestic destinations and 24 international destinations. However, these are pre-pandemic details, as per IANS report.
- Its fleet comprises of Airbus aircraft.

Air India-Tata

- The fleet size of Air India-Tata combine is expected to be more than 215 aircraft, as per IANS report.
- The combine domestic market share may go up over 25 per cent, the IANS report says.
- While, it will have service to around 100 domestic destinations, it cater to over 60 international destinations, according to IANS report.
- Its fleet is likely to comprise a mix of wide and narrow body aircraft, the IANS report says.

IndiGo's Strength

- The low-cost carrier's massive fleet size, as well as expansive routes, are expected to protect its huge domestic market share. With a 58 per cent domestic market share, the airline ferries around 6 out of every 10 domestic passengers, as per IANS report.
- It operates over 1,200 daily flight. In the pre-pandemic era, the airline connected over 70 domestic and 24 international destinations.
- IndiGo can quickly add more aircraft as it can expedite induction by around 5 planes per month. However, its fleet has only narrow body aircraft that restrict operational reach, as per the IANS report.

Air India-Tata's Edge in International Market

A combine of Air India-Tata will have Air India's 117 wide-body and narrow body aircraft and Air India Express's 24. The wide-body aircraft, trained crews, invaluable airport slots, and time-tested operational standards, gives the edge to the combine in terms of ferrying international passenger traffic, the IANS report says.

IndiGo vs Air India-Tata - Experts Weigh-In

"Clearly, IndiGo has built a dominant position in the domestic airline market over the last few years and in the pre-pandemic period, it was the only airline in India which demonstrated the ability to generate a healthy level of profits," Acuite Ratings and Research Ltd Chief Analytical Officer Suman Chowdhury was quoted as saying by IANS.

"While the Tata Group will have the advantage of a better diversity in its aircraft fleet, it will be important for them to streamline the consolidated operations and derive the necessary synergies to be cost competitive," Chowdhury added.

Brickwork Ratings' Senior Director, Ratings and Head, Infrastructure Ratings Vipula Sharma said, "Post pandemic, the airline recovery has been erratic. IndiGo, with its relatively stronger finances will retain its market share in the medium term while the other players rebuild their operations," as per IANS report.

"The clear structure of this market will emerge only after the economic activity along with regular business travel reach pre-pandemic levels and the Tatas firm up their strategy with the three airlines," the IANS report says.