

Covid-19: Indian Aviation Industry Transformation from Survival to Revival

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Abstract

The COVID-19 pandemic has put an immense pressure on all the trades and aviation industry is not an exception. The epidemic of SARS-Cov-2 virus had affected this business with the worst effects. In 2020, yield has shown that airlines have sharply discounted fares though they tried to bring back the passengers by different strategies, but these policies will not help the industry in future (IATA, 2020). At the initial stage of this crisis, the Indian airlines were capable to gain the business, but after government has placed the restrictions in March 2020, it had been absolutely difficult for Indian aviation sector to survive. The airline industry is in the phase of low demand, variations in passenger attitudes, more restrictions, strict health regulations, less revenue generation and so on. Moreover, as per the experts from this industry airline sector is going to be back on track at the end of 2021 or during the initial months of 2022. This study will put emphasis on the impacts of corona virus on Indian aviation sector and also the several strategies to be executed for the revival of this industry. Furthermore, it will discuss the user behaviour amidst this pandemic situation and how they can contribute in business survival.

Keywords. *Consumer behaviour, Corona virus impacts, Indian aviation industry, Initiatives, Strategies*

1. Introduction

Air transportation is one of the recognised industries because it provides convenient mode of travelling to faraway places. However, air transport contributes very little percentage in Indian GDP, so it is considered as small piece of the economy. This business includes numerous other sectors like aircraft manufacturing, fuel industry, research companies, military aviation and tourism sector.

Before this pandemic the progress in Indian airline sector was quite satisfactory .As per the reports it had been forecasted that air transportation of Asia-Pacific region could grow

at much faster rate within the coming years. The commercial aircraft formulates the key share of aviation market and to hold growing demand of air transport in India new aircraft were introduced. Presently, airline companies in India face two uncertainties:

- The cost of health-related measures increases the expenses. In addition to it, few restrictions are imposed in aviation industry to deal with current pandemic situation like, passenger load factor includes the restriction of minimum number of occupied seats in aircraft which further resulted in massive loss.
- Commercial air traffic is slow to recover pre-

crisis demand levels. There is a massive gap that will be difficult to fill in a short time span. Furthermore, this requires constant monitoring of the virus and its effects on Indian aviation industry.

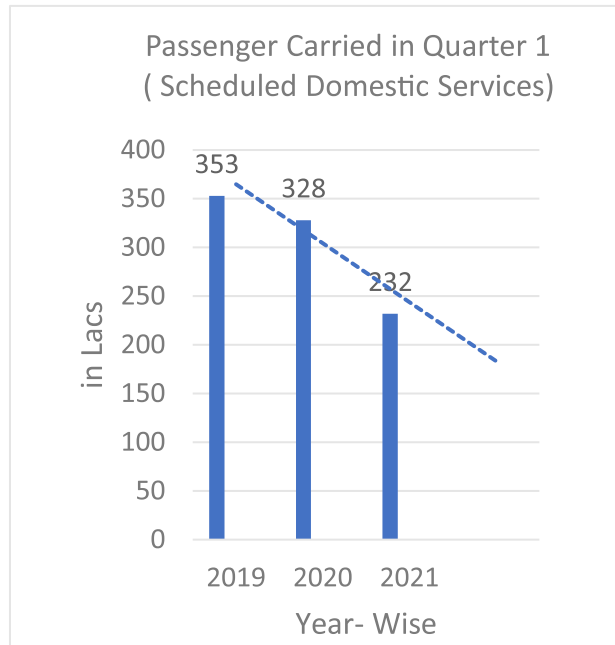


Chart I: Passenger Carried Domestically by Scheduled Airlines.

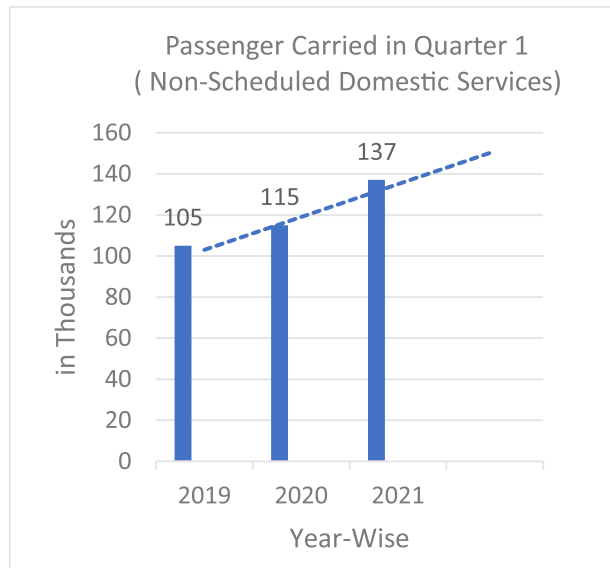


Chart II: Passenger Carried Domestically by Non-Scheduled Airlines.

Source: DGCA and Author

In the first chart, one can check the negative effects on scheduled aircraft domestic services and how it has been surviving to earn revenues. Additionally, both the charts clearly depict the image of Indian carriers and passenger traffic during the opening quarter of 2019-2021.

1.1 Need of the study

The Indian airline industry is facing major drawbacks of this path-breaking crisis. Although, countless studies have been conducted on global Airline industry, Indian Aviation sector, corona virus impacts, the past crisis of SARS-Cov-1 and so on. However, this study attempts to show the present situation of Indian airline industry and the strategies need to be implemented for future. Furthermore, this will examine the role of consumers in Indian aviation business for the survival and then leading to revival.

2. Review of Literature

As per the National Cancer Institute, COVID-19 is highly infectious respiratory disease produced by the SARS-CoV-2 virus. It may be spread from infected person to another or by touching the infected surface. India is one of the top five countries where the corona virus had affected with severe impacts. Moreover, the suspension of all activities had resulted in most dangerous outcomes in Indian aviation business (Bindu & Indu, 2020). The Indian air transport contributes a small, but important share in economy and closely associated with other divisions, especially airports and aircraft manufacturing. The pandemic corona virus led to slower down the passenger air transport demand (OECD, 2020). On the other hand, disaster is an event that causes any kind of losses. The term crisis refers to any condition that is threatening or

could threaten to harm people or property, seriously disturb business, damage reputation and negatively impact share value. Further, risk is an assessment of the probability of occurrence and the magnitude of the consequences of any given hazard (Kanda, 2013). The airline industry provides the facility to travel and travellers can cover long distances in few hours. As a result of SARS-COV-2 pandemic one can gauge the severe impacts on Indian aviation industry. This sector has been burdened with huge revenue losses in the year 2020.

2.1 Objectives of the study

- I) To study the heart-pulling effects of SARS-Cov-2 on Indian airline business.
- II) To understand the scenario of consumer market with the help of first quarter (Q1) data for 2019-2021 and measures tracked in this industry to attain the previous position.

3. Research Methodology

This study specifies numerous findings about Indian aviation sector that had been collected through secondary data like publications, research articles, papers, newsletters, government sites, and journals. Moreover, there are few measures that Indian Airlines are following to resume their services during current epidemic situation. The details regarding these procedures have been obtained from the official websites of Indian airlines like Vistara airlines, Spice jet and Air India. On the other hand, certain facts have been collected from the official websites of different organisations like WHO (World Health Organisation), IATA (International Air Transport Association), ICAO (International Civil Aviation Organisation), DGCA (Directorate General of Civil Aviation), MoCA (Ministry of Civil

Aviation), AAI (Airport Authority of India) and OECD (Organisation for Economic Corporation and Development). These sources have been utilised for collecting the appropriate facts about this sector. Additionally, in depth study has been conducted to provide the relevant information. This study showcases the detailed perspective concerned to Indian aviation industry and its innumerable players.

4. Analysis and Interpretation

Corona Virus Impacts

During each crisis the effects could be seen in every business and these led to destruction to a great extent. The corona virus pandemic set the stopping point for Indian airlines. Likewise, the variation in customer attitude following the COVID-19 crisis resulted in huge drop in demand for airline services (OECD, 2020).

The first human case of this virus was reported in the Wuhan city, China on December 2019 and then the number has increased to a huge percentage. After the detection of first case World Health Organisation (WHO) announced an immediate alert so that countries with weaker health facilities could protect them. The SARS-CoV-2 was clearly visible in early January and its genetic series shared publicly on 11-12 January. Another corona virus, SARS-CoV-1, the cause of severe Acute Respiratory Syndrome (SARS) outbreak in 2003, was closely related to other corona virus isolated from bats. These close genetic relations of SARS-CoV-1 and SARS-CoV-2 suggest that they all have their ecological origin in bat populations. The nurture period is the time between exposure to the virus and symptoms is estimated to be 14 days (WHO, 2020). Moreover, any international passenger coming to India need to be tested and if the report of RT-PCR is negative still they required to be quarantined for

7-14 days (Air India, 2020). Although, the severe impacts on Indian airline industry were felt after March 2020. In the second quarter of 2020 major loss occurred in Indian airline industry because of the no demand, but at the end of the same quarter demand led to the movement of passenger traffic. However, the operations of airline industry have been started at a slower pace so the cash burn persisted in this sector till the third quarter 2020. The year-end report presented by IATA reflects new travel restrictions and gradually low graph of forward bookings in aviation industry. The fixed cost that exists in the business of airline will remain persistent and that had created immense pressure in this sector (IATA, 2020). In light of the challenging industry outlook, it is expected that airlines will experience further cancellations or postponements. Looking forward, the investment appetite for new aircraft is likely to remain subdued in 2021. Moreover, the Indian airlines will consider the sale of some of their existing assets. In addition to it, massive employment reduction could be seen in this sector followed by COVID-19 pandemic.

Consumer Behaviour and Attitude during This Crisis

During this time of pandemic, the change in consumer behaviour towards the airline services has led to increase the level of uncertainty. Consequently, few loyal customers of this industry have shown a sudden change in their behaviour due to this virus. The passengers are feeling more hesitate towards the usage of airline services and this resulted in the flight cancellations, negative mouth of publicity and net losses. Consumers across the nation have responded in different ways. Today, social media has given the freedom to use its platform for sharing the experience and consumers don't even

think for a moment, and start sharing their feedback about the quality of services given by airliners. As a result, this creates doubt in the minds of other consumers who want to use the air transportation. Additionally, there have been evidences of huge reduction of travel spending in India.

Strategies for Survival to Revival

COVID-19 pandemic is the crucial time for each sector to rethink about the new strategies. If we recall the other such crisis in the history it took a lot of time for the Indian aviation industry to gain profits. Currently, the majority of Indian airlines are introducing ground-breaking tactics to attract traffic (Molenaar, D.M., Bosch, F., Guggenheim, J. Jhunjhunwala, P. Loh, H. H, & Wade, B. 2020). Here is the list of few strategies that Indian aviation sector has been following to face the epidemic of corona virus:

- The first and foremost strategy is that Indian airlines are promoting their services by using advanced marketing strategies. These players have been following the trend of virtual tour of aircraft services.
- Additionally, the aviation sector in India is offering more discounts to attract significant number of passengers. However, the cut in prices won't cut the barriers all away, still can contribute to take the graph high.
- There are countless measures that every airline has been ensuing during this period of uncertainty like use of PPE kit, Disinfectant sprays, Mask, Sanitisers, limited carrying capacity and so on (IATA, 2020).
- Moreover, the Indian aviation business has been initiating the technique to utilise the new technology and approaches that are essential to redefining mobility. This sector uses several devices and ultra-light materials to revive the

position. This innovation is required in other inter-related sector of aviation like fuel and aircraft manufacturing industry. There are biometric systems at few Indian airports for identification of customers and offers great facility of online boarding passes for entry.

- Due to this period of break on profits most of the Indian airlines had experienced a huge level of damages and to restart their business they are merging with other airlines those are at a better position.
- Recently, the International air transport association has also introduced the concept of digital vaccine passport of COVID-19 which could further add profits in Indian aviation market (Healthline, 2020).
- Although, with flight resumption to major routes there are still strict guidelines by government such as those passengers arriving by Vande Bharat Mission (VBM) flights to India must follow few instructions like: Passenger should present the original ticket and must provide the proof of their quarantine stay or vaccination (Air India, 2021).
- Most of the Indian airlines are upgrading their aircraft for future according to current situation. They will expand more facilities in aircraft cabins and for this airline could charge high fares from their passengers.
- As part of the plan, the restaurants and shops at all Indian airports will accept payments by sharing QR codes.
- Due to this disaster, the customers are still feeling hesitate to use the airline services like, Vistara airline promotes deep cleaning of aircraft before each flight and support other instructions, but the passenger traffic is continued on the low side of the map (New Indian Express, 2020).

- As the vaccine of this virus has been introduced in the market. So, airlines like Spice Jet are ensuring the availability of it for their front-line employees (Business Traveller, 2021).
- The goods transported by cargo service of aviation will concentrate on careful handling at all Indian airports.
- Experts in this industry suggest implementing above- mentioned strategies to revive the passenger traffic in the industry.

Role of Customers in Implementation of all the Strategies

The Indian airline industry demands for the constant support from customers. In addition to it, with all these strategies it is necessary that customers should contribute from their end. As we have heard about the statement that customer is the king of market so, it is obligatory that passenger should attempt hard to participate as much as they can. The customer could change the whole scenario of Indian aviation market as they play a prominent role. There are several ideas by which Indian airlines expect to increase the share of revenues like:

- 1) Firstly, before booking or reservation of any flight they must read all the instructions of the respective airlines very carefully. They can check all instructions on the website of airlines.
- 2) If any international passenger is coming to India, then they should strictly follow the instructions like minimum quarantine stay, RT-PCR test after the scheduled days. If the report is negative then they can travel according to their set plans and if it's positive then they should follow the guidelines of local government (Ministry of Civil Aviation, 2020).
- 3) Passengers must go to fulfil their formalities by using the digital media; it will not only save their time but also support them in the prevention from

corona virus (Air India, 2020).

4)As all the airlines deliver the facility of sanitised lavatory but still it is recommended by airline staff to utilise the restrooms at airports to minimise the crowd in aircraft aisle.

Current Initiatives of Indian Aviation Industry (2021)

Here is the list of plans for the year 2021:

- The decision has been taken to initiate a direct flight from India to Cambodia in 2021. That would be beneficial for Indian aviation and tourism sector in the coming years (The Economic Times, 2021).
- In addition to it, IndiGo airlines had announced direct flights between Kurnool- Bengaluru and Visakhapatnam-Chennai to boost the regional connectivity (The Hindu, 2021).
- The decision has been taken regarding the construction of new terminal building at Adampur Airport in Jalandhar district of Punjab. The 40 percent of work has been done in the initial stage of the project.
- Haryana government launched the India's first air taxi service in three phases:

I. First Phase: Chandigarh - Hisar route

II. Second Phase: Hisar - Dehradun route

III. Third Phase: Chandigarh - Dehradun and Hisar - Dharamshala route (Business Today, 2021).

- This year Spice Jet will launch 20 domestic flights out of which 16 will connect Jaipur to other regions of India (The Economic Times, 2021).

5. Conclusion

The catastrophe of SARS-Cov-2 virus had engendered the ruthless impressions on Indian airlines. Moreover, the government has

been acceding particular portion of passengers to fixed routes. Lastly, the above study concludes that airline sector could only recuperate its position by ensuing the strict measures. The year of 2020 had handled a giant range of failures and 2021 has been experiencing the same, so airline players should work at cautious pace to cut this image. As a consequence, the Indian airline business could stand against these high tides and defend itself.

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