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SWOT ANALYSIS OF INDIAN AVIATION INDUSTRY

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ABSTRACT

The Future of Indian Aviation Industry is bright. The number of passengers and also the volume of goods and mails carried by airplanes show an appreciable improvement over those of the last decade. The expansion of air traffic has made the world look very small, indeed. It is now possible for different peoples of the world to exchange their thought and ideas in diverse spheres more frequently because of the vastly increased facilities for contact provided by air communication. And the greater such facilities are, the closer will be the cultural and intellectual understanding among the different nations of the world. By means of this paper, the SWOT analysis of Aviation Industry in India is carried out.

KEYWORDS Aviation, Civil Aviation, General Aviation, SWOT analysis.

INTRODUCTION

The development of a country is predominantly affected by the transportation infrastructures. It plays a vital role in socio-economic growth of a country by forming the backbone of tourism industry, facilitating locomotion of goods and citizens across the country. Roadways, railways, and airways are the major means of transport in India, although contribution of airways is small compared to that of the other two.

Aviation is one of the greatest wonders of modern science. There has been tremendous growth in the field of both civil aviation and military aviation sector. Aviation industry (also aviation sector) refers to the industries and organizations, engaged in the various aspects of aviation, such as airlines manufacturing, airlines flying, operating, maintenance, ground-handling, training centers, airports and regulatory bodies. The possibilities of the development of air traffic during peace-time and the effective use of aircraft for military purposes became quite clear in the past few years. There are extensive experiments in India. The Aviation sector is expected to

witness huge surge in investments from private sector players. The number of aircraft is expected to touch 800 by 2020. The low penetration ratio (0.04 per capita/p.a) provides immense opportunity for investment in aviation sector. Aviation being not only a very important form of peacetime communication but also a vital part of the defense organization, the State cannot remain indifferent to its development along proper lines.

This progressive expansion may be expected to continue, and a time may come, not at a very distant future, when aero planes will be ever more popular, and become, the normal means of communication. The idea of one world, therefore, may not long remain an empty slogan but will be a concrete reality in the foreseeable future. India has to rely on foreign sources for the supply of crude petroleum. If India is to develop aviation services as also other major industries, she must be self-sufficient in fuel supply. In a vast country like India, with very suitable weather conditions all the year round, the possibilities of aviation are immense and the Government may be expected to take suitable measures for helping the growth of this important industry, so that it may play its part in the all-round development which India is planning for her people.

OBJECTIVE OF THE STUDY

To carry out the SWOT analysis on the aviation industry of India.

RESEARCH METHODOLOGY

This study is descriptive in nature. Here, we have carried out the SWOT analysis on Aviation Industry in India. For this secondary data has been collected through different articles, research papers and reports published about airline industry of India.

SWOT ANALYSIS

STRENGTHS:

- **Strength of the product**

Success of a business lies in the strength of its product. In case of the aviation industry, it is the air travel which despite of many downturns has continued to grow eventually. The increase in population and their propensity to fly has led to the remarkable growth of this industry.

- **Transformation in the way of life**

Improved standard of living of most of the people along with the hike in disposable income at their end have given them an opportunity to enjoy this splendid mode of travelling

- **Low-Cost Service**

The increase in the cut throat competition among different airline carriers has resulted in the lowering of fares. This cost cutting has benefited the passengers and helped them to fulfill their dream of flying. Many low cost carriers like Air Deccan have recently been introduced to serve the middle class segment of the society. When compared to other airlines these low cost carriers provide less services to the passengers. This is one of the leading reason why such airlines keep their fare low.

- **Low labor cost**

India has a very huge population along with the menace of unemployment prevalent at a very high rate and hence the labor is available in abundance. The labor costs are also quite low when compared to other developing countries. This is the reason which serves as one of the strongest pillars behind the growth of Indian aviation industry.

- **Unification in Aviation Sector**

The ongoing mergers and acquisitions also pave the way for the growth of the Indian aviation industry because of the synergy of a bigger pool of investment, talent and technology. It is a win-win situation for both the companies that are associated and for the passengers also.

- **Safety concern**:

Among all the means of travel, the air transportation is one of the safest mode as far as the security measures are concerned.

- **Speed**:

Aviation is the quickest of all the modes of transportation existing today. It is of real help when a person has to reach somewhere in case of an emergency. One can travel miles in a matter of few hours giving it the lead over other modes of transportation.

- **Skilled and proficient staff:**

In the present scenario, the Indian aviation industry is glorified by it's highly skilled and professional staff regardless of being the ground staff or the flight attendants. Many young Indians are choosing to make careers in this industry due to the lavish lifestyles and attractive salaries.

- **Utilization of advanced technology:**

Technological advancements such as fuel efficiency and automated ground processes have helped this industry to become one of the fastest growing industries in the world.

WEAKNESSES:

- **Air traffic:**

Air traffic has increased significantly during the last two decades. Many airline companies have joined the industry making it a very cumbersome situation for the government to control such huge amount of traff

- **Still a dream for a common man:**

Despite of the fact that the fares have been dropped subsequently due to an increase in competitors but it is still out of reach of the commom man and a majority of population in India still dreams of this lavish mode of transportation

- **Lack of infrastructures:**

A handsome amount of wealth has been spended to strengthen the infrastructure of the airports by the Indian government, but still there remain a lot of flaws in the sector. Steps are being taken for the development of better planned airports in India.

- **Fixed earnings:**

This is the major drawback of the aviation industry over other modes of transportation that it generates a fixed income due to the fact that if a seat in an aircraft is empty then it remains vacant through the entire journey.

- **Self-centered approach:**

One of the main concerns of today's aviation sector in India is the self-centred approach of the airline companies. They instead of seeing the whole industry as one, try to deal with their own problems and in some cases even exploiting the rights of others.

OPPORTUNITIES:

- **Expansion:**

India is a vast terrain and many places still haven't got any access to the surface transportation. So there is a need for expansion of aviation industry in India so that common people living in tricky terrains could be benefited.

- **Technological innovations:**

With newer technological advancements upgradation of the aviation sector is taking place at a rapid rate. But still cost-efficient and fuel efficient technologies are needed. Furthermore automated ground processes and a better management are the primary requirement.

- **Increased profits:**

Various customer friendly services can be added in-flight in order to make passengers comfy or make them feel at home. Other value added products like eatables can be added to increase the profits.

THREATS

- **Hiking of fuel prices:**

All airlines are dependent on fuel and due to the scarcity of these resources it continues to pose a threat to the travel fares. Until and unless an alternative to the conventional fuel operated technology is not obtained the travel fares cannot be brought down.

- **Dearth of skilled manpower:**

Labor is available in abundance throughout India, despite of this fact there is scarcity of skilled labours in the form of cabin crew, ground staff and flight attendants.

- **Terrorist attacks:**

Increase in the terror attacks across the globe in the last few decades has hit the passengers hard. Safety of the passengers has been challenged again and again in the past and this poses a major threat.

- **Economic recession:**

Aviation industry is vulnerable to the economic downturn either at the national level or global level as it will directly get affected leading to greater extent of unemployment.

CONCLUSION

The Indian Aviation Industry has seen a constant growth over the last two decades. Although this industry has limitations as well, but the strengths of this industry hold an upper hand. The open sky policy of the government has helped a lot of overseas players entering the aviation market in India. From then, it has only been growing in terms of players and the number of aircrafts. At present, private airlines account for around 85% portion of the domestic aviation market.

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