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A STUDY ON RESURGENCE OF INDIAN DOMESTIC CIVIL AVIATION PASSENGER TRAFFIC AFTER COVID-19 PANDEMIC

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Abstract

The Indian civil aviation sector has been significantly impacted by the Covid-19 epidemic. The industry has been severely impacted by the limits on international travel and the decline in demand for air travel. In March 2020, the Indian government issued an outright ban on all foreign passenger flights and temporarily banned domestic flights due to the pandemic. As a result, the industry's revenue fell substantially. Although the sector started very slowly, it gained up steam and is now in full gear as the domestic air passenger traffic is edging closer to pre-covid levels. India is witnessing a phenomenal recovery post-pandemic limitation. To meet the growing demand for travel, airlines are also hiring more people and opening more routes. In this study secondary source of information was used. The study emphasizes how the viral pandemic had a detrimental effect on the aviation industry. It also discusses the several strategies used to mitigate the impact.

Keywords: Civil Aviation, Pandemic, Passenger Traffic, Travel, Airlines.

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INTRODUCTION

Indian civil aviation industry has seen significant growth in the past few decades. It has evolved from being a government-controlled sector to a liberalized industry with the entry of private players. India has emerged as one of the world's fastest-growing aviation markets. Domestic traffic in India has more than doubled from around 61 million in 2013-14 to around 141 million in 2019-20, representing an annual growth rate of more than 15 percent (DGCA, 2022) [1].

FICCI-KPMG released a 20-year vision for civil aviation expansion in 2019 that predicted the country's passenger numbers will expand by a factor of six, reaching 1.1 billion, by 2040 (FICCI, 2019) [2]. In 2040, Indian airlines would carry 736 million passengers, according to a report by Airport Council International published in 2018 (ACI, 2018) [3].

According to Andrew Matters, Head of Policy Analysis for the International Air Transport Association (IATA), the aviation industry in India is predicted to expand at a compound annual growth rate (CAGR) of 5.8% over the course of the next 20 years (Moneycontrol, 2022) [4].

An unparalleled disruption of modern life caused by the COVID-19 virus swept the planet during the year 2019 and had a cascading effect on civil aviation. The new coronavirus was discovered for the first time in Wuhan, China, in December 2019. On March 11, 2020, the WHO declared COVID-19 a pandemic because it had spread to over 10 million people and had resulted in over 500,000 fatalities by June 2020. In addition, most countries had to deal with the virus's second wave of spread, which increased the number of confirmed cases to about 641 million and resulted in 6 million fatalities by December 2022 (WHO Dashboard, 2022) [5]. Social distancing, community lockdowns, work-from-home and stay-at-home policies, mandatory self-quarantines for travellers both inside the country and returning home, crowd control

measures, etc. were all put into place as the number of infected patients spread steadily throughout the country. The aim of this study is to find out the impact of COVID - 19 outbreak on the Indian civil aviation domestic passenger traffic, to assess its resurgence, and the steps taken by the government to overcome the challenges.

REVIEW OF LITERATURE

A shutdown and suspension of all domestic and international flights by the Indian government in March 2020 resulted in a significant decline in demand for air travel. Airlines found it difficult to pay their staff and keep their fleets maintained as a result of the industry's enormous financial losses. To stay solvent, many airlines have had to eliminate positions and scale back operations (PIB,2020) [6].

Domestic and international air passenger traffic in India experienced a negative growth in 2020–21 compared to 2019–20 as a result of the government of India restricting or suspending scheduled domestic and international operations due to the COVID–19 epidemic.

With a noticeable increase in vaccination rates and the opening of regular trade and commerce, the airlines are now preparing to transport passengers at pre-2019 levels. According to some experts, the aviation industry will reach full recovery by 2024. On October 9, airports handled 4,02,697 domestic passengers, surpassing the pre-pandemic level, with pre-covid air travel traffic in 2019 averaging about 400,000 people per day (Sharma A, 2022) [7]. By 2024, it will be followed by a recovery in international passenger traffic (Jaiswal I, 2022) [8].

According to estimates, India's GDP is supported by the air transport sector, which includes airlines and its supply chain, to the tune of US \$13 billion. According to the "current trends" scenario, the Indian air transport market is expected to expand by 262% over the following 20 years (IATA,

2018) [9]. By 2037, this would result in an increase of 520 million passenger journeys (Invest India, 2020) [10].

The dynamics of the Indian domestic aviation market have changed as a result of the arrival of Low-Cost Carriers (LCC) in 2003, including the country's first "no-frills" carrier, Air Deccan (Sakariya et al. 2009) [11]. The tight cost structure, high taxes, expensive landing and parking fees, and unfavourable regulatory conditions have not prevented the LCC in India from achieving significant operational reductions (Saranga and Nagpal 2016) [12]. However, the industry has become increasingly unstable as a result of LCC's unstoppable rise (Doganis 2005) [13]. Cost effectiveness has become an audacious necessity for existence and sustainability due to fierce competition and increased capacity.

Numerous governments are giving their national airlines and other participants in the aviation value chain financial support in an effort to lessen the negative effects. The main goals of the aid programmes are to protect the millions of jobs in the sector and ensure vital connectivity throughout the outbreak. Additionally, they assist indirectly travel-related industries like tourism, enabling a quicker recovery in the post-COVID-19 recovery phase (OECD, 2020) [14].

The Indian government cut the Goods and Services Tax for locally provided Maintenance Repair and Overhaul (MRO)

services from 18% to 5% in April 2020. In order for Indian MRO facilities to claim zero-rating (i.e., export status) under the GST legislation on MRO services provided to prime contractor/OEM situated outside of India, the "place of supply" for B2B MRO services was modified to the "location of recipient." This policy change has been tremendously important because it would promote international investment in the Indian aviation industry by enabling foreign MRO operators to subcontract MRO work to Indian firms without incurring additional tax obligations (Jaisinghani M, 2020) [15].

Numerous recent studies that analyse the detrimental effects of COVID-19 on the aviation sector have been released. To the best of our knowledge, no prior research has taken into account the revival of the Indian civil aviation domestic passenger traffic following the COVID-19 pandemic.

RESEARCH METHODOLOGY

This is a quantitative study where secondary data has been collected from the Directorate General of Civil Aviation (DGCA) website and presented here in the graph below. The purpose of this study is to determine how the COVID-19 outbreak affected the Indian civil aviation sector, to evaluate the sector's resurgence, and to determine the efforts the government has done to address these issues.

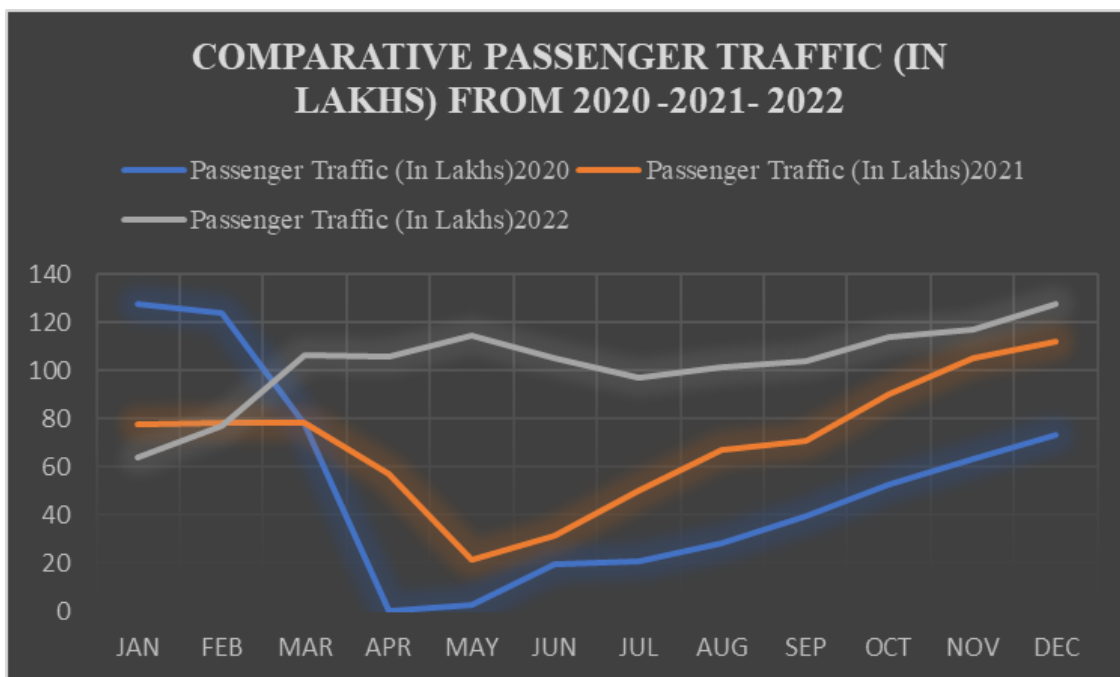


Figure 1: Comparison of Domestic Passenger Traffic from 2020-2022

The total annual domestic passenger traffic in 2019 was 1441.71 Lakhs which fell drastically in 2020 to 630.11 Lakhs due to lockdown and other restrictions. It rose to 838.14 Lakhs in 2021 and to 1232.45 Lakhs in 2022 indicating a fast recovery to pre-

pandemic levels although the total annual passenger traffic for the year 2022 is still 14.51% lower than the year 2019 (DGCA, 2022) [16].

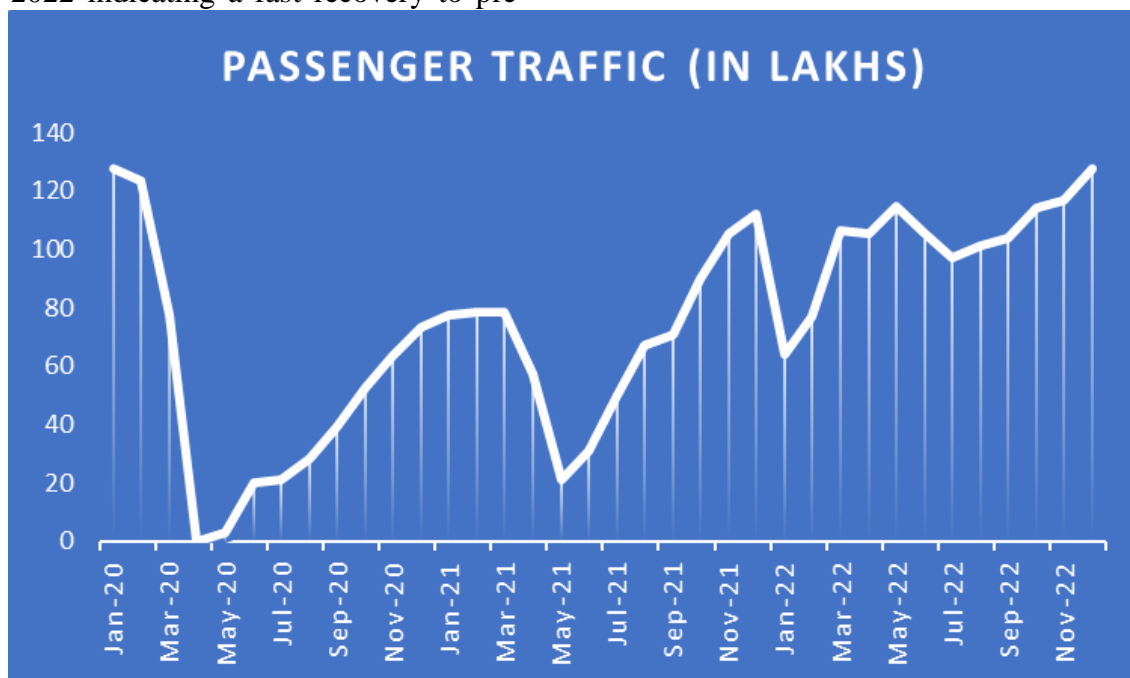


Figure 2: Monthly Domestic Passenger Traffic Jan 20-Dec22 (DGCA,2022) [16]

The domestic passenger traffic for the month of January, 2020 was 127.83 Lakhs whereas it was 127.35 Lakhs for the month of December, 2022 indicating that the

monthly domestic passenger traffic has almost reached the pre-pandemic level showing strong recovery (DGCA,2022) [16].

Table 1: Paired Sample Test for Passenger Traffic from 2020-22

		Paired Differences		
Passenger Traffic 2020-2021-2022 N=12		Mean (SD)	t	Sig. (2-tailed)
Pair 1	PASSENGERTRAFFIC2022 - PASSENGERTRAFFIC2021	32.860 (30.90)	3.783	.003
Pair 2	PASSENGERTRAFFIC2021 - PASSENGERTRAFFIC2020	17.339 (33.945)	1.769	.104
Pair 3	PASSENGERTRAFFIC2022 - PASSENGERTRAFFIC2020	50.2 (54.319)	3.201	.008

* Value within brackets indicates SD

When a paired T-test was done to compare the passenger traffic between 2020-2021-2022. The passenger traffic between 2021-20 and 2022-20 was found to have significant difference, thus establishing the fact that passenger traffic has increased dramatically post covid.

India was hit by the second wave of Covid-19 in the month of April and March,2021 (Mordani S, 2021) [17] and the third wave of covid-19 in January,2022 (Bose R, 2022) [18] which hampered the recovery of domestic passenger traffic as visible in Figure 2. Since then, it has come back on track.

- ❖ The following are some of the steps the government has taken to boost the aviation sector's growth:
 - i. In the next five years, AAI and other airport developers plan to invest over Rs. 98,000 crores in the airport sector. This money will be used, among other things, to enhance runways and expand and modify existing terminals.
 - ii. The Government of India has given "In-Principle" approval for the construction of 21 Greenfield Airports, including Mopa in Goa, Navi Mumbai, Shirdi and Sindhudurg in Maharashtra, Kalaburagi, Vijayapura, Hassan and Shivamogga in Karnataka, Dabra (Gwalior) in Madhya Pradesh,

Kushinagar and Noida (Jewar) in Uttar Pradesh, Dholera and Hirasar in Gujarat, Karaikal in Puducherry, Dagadathi, Bhogapuram and Oravakal (Kurnool) in Andhra Pradesh, Durgapur in West Bengal, Pakyong in Sikkim, Kannur in Kerala and Donyi Polo, Itanagar in Arunachal Pradesh across the country.

- iii. 70 airports are connected by 453 routes under the Regional Connectivity Scheme (RCS) – Ude Desh ka Aam Nagrik (UDAN), including nine heliports and two water aerodromes.
- iv. Domestic Maintenance, Repair, and Overhaul (MRO) services now only incur a 5% Goods and Services Tax (GST), down from an original 18% charge.
- v. The atmosphere is conducive for financing and leasing of aeroplanes.
- vi. The airlines' domestic capacity has been fully restored to its pre-Covid level.
- vii. Airport air navigation infrastructure is currently being improved. (PIB, 2022) [19]

CONCLUSION

This study followed the COVID-19 pandemic's effects on the Indian civil aviation sector and its subsequent paths to recovery. The pandemic's effects on the Indian civil aviation sector had a significant negative impact as it suffered heavy losses in revenue. As of December 2022, it is experiencing a strong recovery to pre-pandemic levels. Although many predicted the passenger numbers to recover only by 2024, we expect it to reach there by the end of 2023 looking at the current trend as it is only 14.51% lower than the annual traffic for the year 2019.

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