



A CASE STUDY ON AIR INDIA

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Abstract

The civil aviation industry in India has emerged as one of the fastest growing industries in the country during the last three years. India is currently considered the third largest domestic civil aviation market in the world. India has become the third largest domestic aviation market in the world and is expected to overtake UK to become the third largest air passenger market by 2024. India's passenger traffic stood at 199.60 million in FY20 (April-October 2019) where domestic passenger traffic reached 160.16 million and International passenger reached 39.43 million. To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports. As of March 2019, India has 103 operational airports. India has envisaged increasing the number of operational airports to 190-200 by FY40. Further, the rising demand in the sector has pushed the number of airplanes operating in the sector. As of July 2018, there were nearly 620 aircraft being operated by scheduled airline operators in India. The number of airplanes is expected to grow to 1,100 planes by 2027.



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History of Aviation

Jehangir Ratanji Dadabhoy Tata's life was a convergence of influences and interests. Born in 1904 in Paris, to a French mother and Indian father, he successfully straddled two cultures, eventually receiving both the French Legion of Honor and India's highest civilian award, the Bharat Ratna. He became Chairman of Tata & Sons, India's biggest industrial group, in 1938. Despite the depth of such distractions, JRD's overriding passion was aviation. His hero was the French piloting ace Louis Blériot, the first man to cross the English Channel by air. Blériot lived near the Tata's French country home and once allowed a co-pilot to give the 15-year-old JRD a ride. Having moved to India, in 1929 he achieved his goal. A year later, he competed for the Aga Khan Trophy, which was being offered to the first Indian to fly solo from India to England or vice versa. In 1932, JRD set up Tata Airlines, the first Indian commercial carrier to transport mail and passengers within India. In its first year, Tata Airlines flew 160,000 miles, carrying 155 passengers and more than 10 tonnes of mail. Tata

Airlines became Air India in 1946. Two years later, following Indian independence, the government took 49% of the company, also giving itself the option to acquire an additional 2%. Following JRD's recommendation, the government established Indian Airlines to run domestic services while JRD took the helm of Air India International, which was granted a license to operate international flights. Five years later, the Government of India exercised its option to purchase a majority stake in the carrier. Despite the nationalization of the airline, JRD remained in charge of Air India until 1978. His love of aviation never diminished and his contribution to the industry is reflected in numerous awards and achievements. In 1979, he won the Tony Jannus Award, and in 1986 he received the Edward Warner Award given by the International Civil Aviation Organization. Particularly telling in the modern aviation environment is JRD's commitment to working together. In 1982 he recreated his legendary first journey for Tata Airlines flying a De Havilland Leopard Moth in an effort to instil future generations with his entrepreneurial spirit and love of aviation.

Aviation Industry

Indian Aviation Industry is one of the fastest growing airlines industries in the World. The History of Indian Aviation Industry Started in December 1912 with its first domestic air route between Karachi and Delhi. It was opened by the Indian Air Services in Coloration with the UK based Imperial Airways as an extension of London-Karachi flight of the Imperial Airways. Tata Sons Ltd, the first Indian airline, started a regular services Karachi and madras three years later without any backing from the Indian Government.

During the period of Independence, 9 air transport companies where carrying both air cargo passenger in the Indian Territory. In 1948, the Indian Government and Air India set up a joint sector company. In 2000 several private airlines have entered in to the arena.

The Indian Aviation Industry is currently one of the fastest growing aviation industries in the world. The aviation industry in India has a compound annual growth rate of 18%. There are 454 airports and airstrips in India, of which 16 are designated as international airports. As of May 2006, private airlines accounted for more than 75% of the sector of the domestic aviation market.

With an increase in traffic movement during December 2009 the Indian aviation sector saw an increase in revenue by almost US\$ 21.4 million. Not only is this but airports in India being ranked among the top airports of the world. The Hyderabad International Airport has been ranked amongst top 5 Airports in the annual Airport Service

Despite the slowdown and slow recovery, Indian Aviation industry sector still continues to look promising. This is primarily due to the burgeoning middle class with increasing massive purchasing power, low cost carriers providing services at very attractive low fares, the growth of Indian tourism and increasing outbound travel from India. In addition, the Government has planned to modernize non-metro airports, phasing out new international routes, putting into place new airports and renovating existing ones. Experts are estimating the growth of industry as high as 25% YoY.

Future of Aviation Sector

The aviation sector has emerged as one of the most rapidly developing industries in India. India is presently considered as the third largest domestic civil aviation market in the world. The International Air Transport Association (IATA) affirms that the country will surpass the UK and will reach the second place by 2026.

The aviation sector in India has witnessed a tremendous change in both Civil and Military aviation in the last three years. The job opportunities within the industry are highly increasing and it is the right time for candidates who aspire to build a progressive career in aviation industry. Check out the article to know how will be the future of civil aviation industry. The aviation sector is expected to witness great flow in investments from private players. By 2020, the number of aircraft touches the sky is expected to be 800. The low penetration ratio provides a big opportunity for investment in Indian 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. In near future, domestic air travel will be more popular than before and expected to become the ordinary way of transportation. The demand for the aviation industry in recent time predicts the concrete reality of the future. Aviation industry can grow immensely as India has very suitable weather conditions almost all the time. The Government is taking different measures for helping the growth of the industry, so that the industry may play its part in the complete development which India is planning for its people.

CASE DISCUSSION:

It is hard to get through knowledge of why the government is over-pleased with oneself and feeble in making decisions when facts are giving a fixed look in the face. Air India has very great of, based on history Debts around Rs 50,000 crore goes on hemorrhaging money every year to the make right harmony of Rs 3,000-5,000 crore going by past means; has the

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highest worker power for its size when made a comparison of with other air-transport businesses across the earth. It is well experienced that Air India has, in the near in time past, did business for billions of dollars value of air-plane that may not make a comparison of well with competition, have pain, troubles from low amount produced and poor image, which are unable to get clear connected to not knowledgeable business managers that has neither self-rule nor responsibility weighted down as it is by political and slow, complex as by government office thing in addition many interested organizations are sponging on the pauperized maharaja So keeping in mind Air India cannot be a wise option. That leads to the next thing for Cut the losses and run when you are took in a no-win place, position. The government must let see good sense and make the best of the bad Bargain to make come true the highest value under the conditions. If the government can come down heavily on private part companies that are ready for a fall on the near of Bankruptcy by system of care under the new Insolvency laws, then it has to in the same way take orders itself to a higher quality example of hard, cruel condition and need for doing now. Unlike the private part, which is in debt to its own shareholders and has serious effects to the one starting businesses when there's noncompliance and over-rule of have belief in, the government is trading with public great amount. The government has a lawful and right debt. The value of an undertaking on exchange of goods for money is what the market is ready to money given for work for it and not what the owners, in this Case the government, makes a mind-picture it to be or is minded to get for. The government must trade Air India and its designing and making things and get onto land putting one's hands on, which are complete to its operation, for value work of art and growth, through an open e-auction to the highest maker of an offer, lock, statement of being part owner and gun pipe, by not keeping any money put up. It must offer it as a zero debt company and give a free hand to the one who gives money on the number of employees it desires to retain. This is important for the good outcome of the give out. No one in their right mind will even touch the offer documents if the exchange of goods for money of Air India has need of them to take up. The government may undertake to give out with the employees directly by offering a VRS through a golden hand-shake. This is a grouping written agreement by the government and an important enough hard work because the government stands to come out badly more money by on-going with Air India.

TEACHING NOTES FOR THE CASE:

TEACHING OBJECTIVES:

The following Teaching Objectives may be considered with respect to the case:

1. To gather knowledge with respect to the Aviation Industry in Indian Context.
2. To present the case of Air India while studying the rise and fall of Air India.
3. To review the case of Air India from literature reviewer perspective & record the learning.

LEVEL OF ANALYSIS:

The present case is a type of teaching case with focus on Appraisal Case approach. The analysis attracts understanding of perspective and dilemma surrounding the Indian Aviation Sector This case is suitable for the practical case study approach at the Level of Management Students, to be specific BBA students, B.COM students, M.COM students & MBA Students shall have a deserving benefit out of this General Management case, Industry at large will be a party to the benefits of the learning from this case.

CASE ASSIGNMENTS:

Pre discussion Task: Gather fair understanding on Indian Aviation Sector through, reading journals & books in Library and through E-Sources.

Post discussion Task: Conduct review of further literature pertaining to the theme of the case. Post discussion schedule shall also include discussion round on a few questions perating to the case.

BROAD QUESTIONS:

Q.1: "Air India is a case worth studying to understand the status of Aviation sector in the Nation". Discuss the statement while highlighting the significance of the Aviation sector.

Q.2: Present a SWOT analysis on Aviation Sector in India while taking inputs from the case.

POTENTIAL BENEFITS OF THE CASE

The Case benefits the following sections of the readers:

Students at large:

- The students benefit from the case in terms of the opportunity of pondering into the need & status of Aviation Sector.

- The statistics presented in the case support the learning avenue of the students and anchors them to reach the focal point of the Indian Aviation Sector.

Stakeholders of Aviation Sector:

- The various stakeholders of the Aviation sector have an opportunity of developing perspective pertaining to the sector and also gather insight on the case of Air India.

Aviation Industry at Large:

- The Industry at large has an opportunity of seeking insights from the case and employees of the Aviation sector have literature in place for review & reference.

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