

# India As The 5<sup>th</sup> Largest Aviation Market: Economy

In 2024, India became the world's 5th largest aviation market with 211 million passengers, driven by strong domestic growth and policy reforms such as new airport infrastructure, aircraft leasing laws, and the UDAN scheme. Challenges remain in fuel pricing, infrastructure capacity, environmental sustainability, and skilled manpower shortages.

## 1. Global Ranking & Passenger Traffic

### 1. India's Position

1. Ranked 5th globally in 2024 according to IATA's World Air Transport Statistics (WATS).
2. Passenger traffic: 211 million (International + Domestic arrivals & departures combined).
3. Growth rate: 11.1% compared to 2023.
4. Surpassed Japan (205 million passengers).

### 2. Top Global Aviation Markets (2024)

1. United States – 876 million passengers (+5.2% YoY)
2. China – 741 million (+18.7% YoY)
3. United Kingdom – 261 million
4. Spain – 241 million
5. India – 211 million

### 3. Airport Pair Ranking

1. Asia-Pacific Dominance in busiest routes.
2. Top Global Route, Jeju-Seoul (South Korea) – 13.2 million passengers.
3. India's Representation, Mumbai-Delhi route ranked 7th globally with 5.9 million passengers, showing strong domestic demand.

### 4. Legislative Reforms for Aviation Transformation

1. Protection of Interest in Aircraft Objects Bill, 2025
2. Aligns India's aircraft leasing with the Cape Town Convention.
3. Benefits, Reduced aircraft leasing costs, improved investor confidence, better access to global financing.

Bharatiya Vayuyan Adhiniyam, 2024 Replaces colonial-era Aircraft Act, 1934.

## Key focus

Encourages Make in India in aviation manufacturing and MRO (Maintenance, Repair & Overhaul). Simplifies licensing & operational approvals. Harmonises regulations with Chicago Convention & ICAO global norms.

### 1. Infrastructure Expansion & Capacity Building

Terminal Modernisation New terminals initiated in Varanasi, Agra, Darbhanga, Bagdogra to improve passenger handling capacity. Greenfield Airport Development 12 airports operationalised since 2014 (e.g., Shirdi, Mopa, Shivamogga).

### Major upcoming

Navi Mumbai International Airport, Noida (Jewar) International Airport – to be operational by early 2025–26.

### Capital Investment

₹91,000 crore allocated under National Infrastructure Pipeline (NIP). ₹82,600 crore already utilised by November 2024.

## 2. Government Initiatives Supporting the Aviation Sector

### UDAN Scheme

Expands regional air connectivity and affordable flying for common citizens. Revives unserved & underserved airports.

### **National Civil Aviation Policy (NCAP)**

Boosts MRO industry, airport development, and domestic aircraft leasing.

### **Green Airports Policy**

Mandates use of renewable energy, waste reduction measures, and carbon-neutral operations.

### **Metro & Non-Metro Expansion**

Ongoing upgrades in Tier-1 and Tier-2 city airports to meet rising demand.

### **Aircraft Leasing Hub Development**

GIFT City positioned as an international aircraft leasing & financing hub to reduce reliance on foreign lessors.

## **3. Challenges in the Aviation Sector**

### **Infrastructure Bottlenecks**

Major hubs operating near maximum capacity. Tier-2 & Tier-3 city airport infrastructure still inadequate.

### **High Aviation Turbine Fuel (ATF) Costs**

High state-level taxation makes Indian airlines less cost-competitive.

### **Regulatory Complexity**

Overlapping central & state regulations; slow policy clearances hinder growth.

### **Environmental Concerns**

Increasing carbon emissions, noise pollution, and ecological footprint from expanding air traffic.

### **Shortage of Skilled Workforce**

Gap in trained pilots, aircraft engineers, air traffic controllers, and aviation managers.

## **Way Forward**

### **1. Fuel Pricing Reform**

Uniform GST treatment or rationalised VAT on ATF to reduce costs.

### **2. Sustainability Focus**

Promote Sustainable Aviation Fuel (SAF) adoption, electric & hybrid aircraft R&D, and carbon offset mechanisms.

### **3. Skill Development**

Expand National Aviation University and specialised training academies.

### **4. International Hub Development**

Position select Indian airports (Delhi, Mumbai, Bengaluru, Hyderabad) as full-service hubs rivaling Dubai, Doha, Singapore.

### **5. Public-Private Partnerships (PPP)**

Encourage private investment in airport infrastructure, MRO facilities, and regional connectivity projects.

Source: [https://www.newsonair.gov.in/india-emerges-as-worlds-5th-biggest-aviation-market-in-2024/#:~:text=India%20has%20emerged%20as%20the,busiest%20airport%20pairs%](https://www.newsonair.gov.in/india-emerges-as-worlds-5th-biggest-aviation-market-in-2024/#:~:text=India%20has%20emerged%20as%20the,busiest%20airport%20pairs%20)