

# CIVIL AVIATION



**Capital**  
—SPROUT—

**NEWSLETTER**

**APRIL 2023**

# The Chairman's Message



Greetings from Capital Sprout!

It gives me pleasure to share with you the Apr-23 issue of Capital Sprout's Wealth Bulletin. Where this month's bulletin is about **the Civil Aviation Sector** & importance of this sector in the financial market & overall economy of the country.

For many years, the aviation industry in India did not receive the recognition it deserved. However, in the past ten years, it has experienced significant expansion. The COVID-19 pandemic caused a temporary halt in 2020-2021, but the sector has resumed its growth trajectory. As per estimation, the Indian Aviation industry has been growing **at 15% CAGR annually** in the last 4-5 years (exclusive of the Covid period). The aviation sector has huge potential in India due to various factors such as the entry of Low-cost Airlines, Higher disposable income of laymen, Increase tourist flows, supportive Government policy etc.

Although the Aviation sector has the potential to become a global hub, certain factors are hindering its growth. By addressing these factors appropriately, India can overcome them and establish itself as a major player in the aviation industry

**The regular mode of Transportation** – Travelling by Air is still considered a Luxury instead of a normal mode of transportation in the majority of cases in India which adversely affects the Passenger Load factor (measures the percentage of available seating capacity that has been filled with passengers)

**Disparate Air fare** – Huge Air fare variation can be observed in 2 different routes with the same distance. It is one of the factors affecting the growth of the Aviation sector.

Attempts are made to analyze International & domestic Airline's operational data, and airport data. Some of the key commercially important financial data is extracted which plays a crucial role in the survival of Airlines as a whole.

We hope that this bulletin will be beneficial to readers by increasing their understanding of the Aviation industry and its role in advancing the overall economic development of the country.

*CA DR Rajesh Khandol*

# Importance Of Aviation Sector In Economic Development



Aviation is one of the most “**global**” industries: connecting people, cultures and businesses across continents. Historically, air transport has doubled in size every 15 years and has grown faster than most other industries in the last decade. The aviation sector is one of the major contributors to Global economic prosperity.

Air transport facilitates integration into the global economy and provides vital connectivity on a national, regional, and international scale. **Travelling thousands of miles is possible only due to Air transport.** The aviation sector also helps in case of a medical emergency which is sometimes a thousand miles away. It helps to generate trade, promote tourism, and create huge employment opportunities.

The aviation industry supports **\$3.5 trillion** (4.1%) of the world's gross domestic product (GDP). If aviation were a country, **then it would rank 17th in size by GDP.** That is equivalent to the GDP of Indonesia and the Netherlands. The aviation industry supports **87.70 million jobs** around the world.

The aviation sector is largely dependent upon tourism. By facilitating tourism, air transport helps generate economic growth and alleviate poverty. Currently, approximately **1.2 billion tourists are crossing borders** every year, and over half of them travel to their destinations by air.

# Aviation Sector World Scenario



The international airline industry provides service to virtually every corner of the globe and has been an integral part of the creation of a global economy. The airline industry itself is a major economic force, both in terms of its own operations and its impacts on related industries such as aircraft manufacturing, and various types of machinery used in the aviation industry viz. Rubber belt, Tractor, Aero bus & its ancillary spare parts, and tourism etc

The global airline industry is worth **\$841.4 billion in 2023**, representing a **22% increase from 2020's low point of \$686 billion** .

The global airline industry market is projected to grow at a CAGR value of **25.50% from 2023 to 2027**. Furthermore, the price of jet fuel is expected to stay relatively stable over the forecast period, allowing airlines to levy surcharges and earn additional revenue from passenger and freight transport.

Air transportation is critical for international trade in manufactured products, especially in the components industry, which accounts for a significant portion of cross-border current trade.

The global commercial aircraft market grew from **\$173.36 billion in 2022 to \$177.25 billion in 2023** at a compound annual growth rate (CAGR) of 2.2%

# World's Busiest Airport By Passenger Traffic

The world's busiest airports by passenger traffic are measured by total passengers (data from Airports Council International), defined as passengers ENPLANED plus passengers DEPLANED plus DIRECT-TRANSIT PASSENGERS

Rank	Airport	Location	Country	Passengers (In Lakhs)
1	Hartsfield–Jackson Atlanta International Airport	Atlanta, Georgia	US	937.00
2	Dallas Fort Worth International Airport	Dallas-Fort Worth, Texas	US	733.63
3	Denver International Airport	Denver, Colorado	US	692.86
4	O'Hare International Airport	Chicago, Illinois	US	683.41
5	Dubai International Airport	Garhoud, Dubai	UAE	660.70
6	Los Angeles International Airport	Los Angeles, California	US	659.24
7	Istanbul Airport	Arnavutköy, Istanbul	Turkey	644.86
8	Heathrow Airport	Hillingdon, London	UK	615.99
9	Charles de Gaulle Airport	Roissy-en-France, Île-de-France	France	574.74
10	Indira Gandhi International Airport	Delhi	India	572.90
11	John F. Kennedy International Airport	Queens, New York, New York	US	552.88
12	Harry Reid International Airport	Las Vegas, Nevada	US	526.00
13	Amsterdam Airport Schiphol	Haarlemmermeer, North Holland	Netherlands	524.72
14	Adolfo Suárez Madrid–Barajas Airport	Madrid	Spain	506.34
15	Miami International Airport	Miami-Dade County, Florida	US	506.00



## Busiest Airport in respect of International Traffic :

Rank	City	Airport	Location	Total Passangers (In Lakhs)
1	Dubai	Dubai International Airport	Al Garhoud, Dubai, United Arab Emirates	660.70
2	London	London Heathrow Airport	Hillingdon, Greater London, United Kingdom	582.43
3	Amsterdam	Amsterdam Airport Schiphol	Haarlemmermeer, North Holland, Netherlands	524.67
4	Paris	Paris-Charles de Gaulle Airport	Roissy-en-France, Val d'Oise, Île-de-France, France	517.64
5	Istanbul	Istanbul Airport	Arnavutköy, Istanbul, Turkey	485.22
6	Frankfurt	Frankfurt Airport	Flughafen, Frankfurt, Hesse, Germany	447.72
7	Madrid	Madrid-Barajas Airport	Madrid, Comunidad de Madrid, Spain	362.31
8	Doha	Hamad International Airport	Doha, Qatar	357.27
9	Singapore	Singapore Changi Airport	Changi, East Region, Singapore	319.02
10	London	London Gatwick Airport	Crawley, West Sussex, United Kingdom	301.45

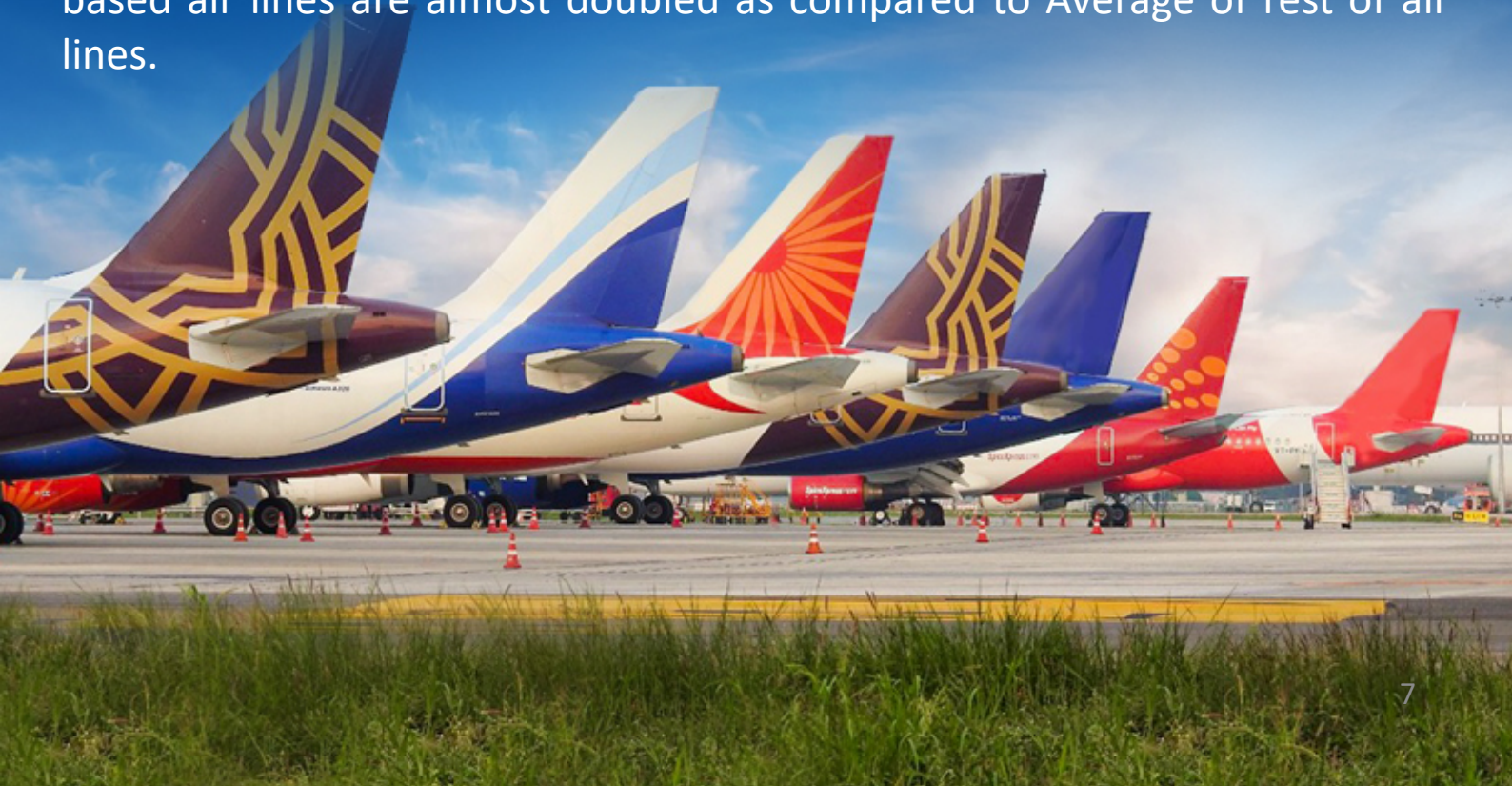
Above table shows Airports which handles most International traffic are Tourist hubs Dubai, London, Paris, Netherlands, Singapore etc



# List of Large Air lines

Sl No	Air Lines	Country	Passenger Carried In Million 2021	Fleet Size	Countries Served	Destinations	Daily Flights Per Day
1	American Airlines	USA	95.3	937	50	350	6,700
2	Delta Air-Lines	USA	80	915	52	275	5,400
3	Lufthansa Air Lines	Germany	36.4	401	75	310	2,256
4	Turkish Air Lines	Turkey	18.43	400	126	340	1,100
5	China Sourhter Air Holding	China	96.9	654	40	224	3,000
6	China Eastern Air Holding	China	74.5	730	170	220	2,030
7	Emirates	UAE	19	262	150	152	3,200
8	Ethopian Air Lines	Ethopia	5	143	75	127	1,950
9	Indigo	India	3.3	300	15	101	1,700
10	Air India	India	22.48	117	52	102	1,050

Above table clearly shows dominance of USA Air lines. All Statistics of USA based air lines are almost doubled as compared to Average of rest of air lines.



# Rise Of The Indian Aviation Market



India has become the **3rd third-largest domestic aviation market in the world** and is expected to overtake the UK to become the **third-largest air passenger market by 2024.**



In the past, air travel was seen as a luxury only accessible to a privileged few. However, this notion has been dispelled over the last ten years. The introduction of low-cost airlines, a steady rise in air passenger traffic, reduced government taxes, and cost-consciousness by airlines have all contributed to a positive impact on the Civil Aviation industry worldwide, making air travel accessible to the general public.

India is already among the **top 10 aviation markets, serving over 83 million domestic passengers annually**, and the volume of air traffic, both in terms of passengers and goods, is growing at a good pace.

**Higher disposable Income of layman, Entry of Low-cost Carriers (LCC), Increase FDI flows, Increased Tourist Inflows, Development of Modern Airports with New Technologies, and Supporting Government Policies** are some of the factors which play an important role in the growth of Aviation industry in India. Low-cost Carriers is the model which has made air travel affordable for the common man and has been operating in the domestic market since 2004. The market suggests that this model is driving domestic traffic and thus, has shown strong operational performance over the years



# Synopsis Of India's Civil Aviation Sector

Contribution  
in GDP



5%  
(2021-22)



**Job Creation**

4 Million Jobs  
Approx



**Air Ports**

140 Air Ports  
105 Domestic  
+  
35 International

**Air Craft**



Total 710  
Air Crafts



**Air Cargo**

6.05 Lakh Mt  
Domestic

14.26 Lakh Mt  
International



**#1. Air Port**

New Delhi  
IGI Airport  
39.34 Million  
Passenger Handled In  
2021-22



**#1. Air Line**

Indigo  
52% Domestic  
Market Share

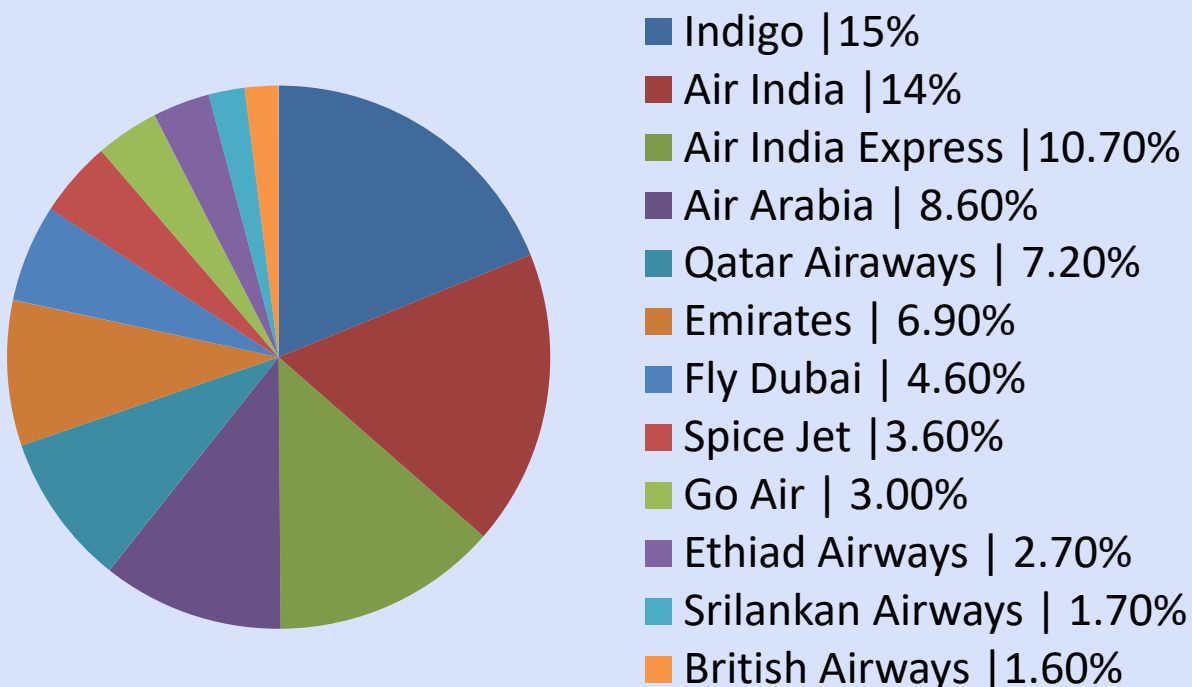


## India's Air Lines Statistics

Year-on-year comparison of number of scheduled domestic passengers

Name Of Air Lines	Passenger In Numbers 2021-22	Market Share	Fleet Size	Countries Served	Desintations	Daily Flights Per Day
Indigo	4,66,06,224	55.36%	300	15	101	1,700
Spice Jet	83,86,574	9.96%	68	5	58	630
Air India	81,66,932	9.70%	117	52	102	1,050
Go Air	79,70,284	9.47%	55	7	38	380
Vistara	67,43,071	8.01%	59	15	43	260
Air Asia	47,85,571	5.68%	255	8	40	180
Alliance Air	10,77,709	1.28%	21	Domestic	75	211
Star Air	1,99,633	0.24%	6	Domestic	17	64

Market share (%) in India of International Operators in International Traffic



Rank	Name	2022-23 Passengers (In Lakhs)
1	Delhi NCR	653.28
2	International Airport, Mumbai	439.30
3	International Airport, Bengaluru	319.11
4	International Airport, Hyderabad	209.96
5	Chennai International Airport	185.71
6	International Airport, Kolkata	177.69
7	International Airport, Ahmedabad	101.37
8	Cochin International Airport, Kochi	88.13
9	Dabolim Airport, Goa	83.59
10	Pune Airport	80.07
11	International Airport, Lucknow	52.21
12	International Airport, Guwahati	50.51
13	Jaipur International Airport	47.64
14	International Airport, Srinagar	44.10
15	Jay Prakash Narayan Airport, Patna	37.49
16	Chandigarh Airport	36.78
17	International Airport, Bhubaneswar	36.25
18	Trivandrum International Airport	34.78
19	International Airport, Kozhikode	29.83
20	International Airport, Indore	28.29

# India's Largest Air Port



# Air Lines

## Key Financial Data



Air Lines Data of Yr 2021/2022	(in Billion USD)			(in Million USD)				Passenger Load Factor No Of Pilots
	Revenue	Operating Profit	Net Profit	Employee Cost		Fuel Cost		
				Cost	As % Of Revenue	Cost	As % Of Revenue	
American Air Lines	48.97	1.61	0.13	12,972	26%	13,791	28%	82.90%
Delta Air Lines	50.58	3.67	1.312	9,728	19%	11,482	23%	84.00%
China Southern Air Lines	12.59	-3.26	-4.88	5,695	45%	4,727	38%	66.35%
Emirates	15.87	-0.12	-1.05	2,299	14%	3,772	24%	60.00%
Turkish Air Lines	10.69	2.34	0.96	1,298	12%	2,756	26%	67.90%
British Airways	13.88	0.41	0.08	2,648	19%	3,696	27%	80.00%
Lufthansa	36.17	1.36	0.89	8,955	25%	8,386	23%	79.90%
Indigo	3.45	0.08	-0.83	435	13%	1,212	35%	73.60%

Above statistics shows that Employee cost & Fuel Cost accounts more than 50% almost in all Air lines.

### Key Capital Market Data Of Air Lines

Name	CMP Rs.	Market Capitalisation (In Crore)	P/E Ratio	5Y Profit Growth CAGR	5Y Sales Growth CAGR	5Y Stock Price CAGR
Interglobe Aviation (Indigo)	2,158	83,222.30	--	--	7%	13%
Spicejet	32	1,921.69	--	--	1%	-24%
TAAL Enterprises	2,218	691.25	21.72	51%	7%	73%
Global Vectra Helicopter	60	84.45	--	--	-2%	-12%
MFL India	0.69	24.86	21.72	56%	-56%	29% <sup>12</sup>

# Performances



## Equity Market

Indices	01 <sup>st</sup> April, 2023	30 <sup>th</sup> April, 2023	High	Low
BSE S&P SENSEX	59,131.16	61,112.44	61,209.46	58,793.08
NIFTY 50	17,427.95	18,065.00	18,089.15	17,312.75

## Mutual Fund

### AUM Data of Mutual Fund for the Month of April 2023

(INR. In Lakh Crore)

Particulars	AUM As On 31-03-2023	Fresh Fund Mobilize During April – 23	Redemption During April -23	AUM As On 30-04-2023
Total AUM of all mutual funds scheme	40.05	8.25	7.01	41.29
AUM of equity oriented (growth) schemes	15.79	0.25	0.19	15.85

Source: Association of Mutual Fund of India (AMFI)

# Performances

## SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
APRIL-2023	13,728	7,17,176

## FII & DII Inflow/Outflow Position

FII's buying in the month of April 23 is 0.06 Lakh.  
DII's buying in the month of April 23 is 0.02 Lakh.

### Inflow/Outflow position in the month of April - 2023

FII /DII	Gross Purchase	Gross Sale	Net
FII	1.29 Lakh	1.23 Lakh	0.06 Lakh
DII	1.07 Lakh	1.05 Lakh	0.02 Lakh

