

Airlines Newscast

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Resumption of Airline Operations

An announcement which will offer some respite to the otherwise beleaguered sector (due to the outbreak of COVID-19), the Civil Aviation Ministry has indicated that the domestic flight will resume operations May 25th 2020 onwards in a calibrated manner, amid the coronavirus COVID-19 lockdown. The ministry also stated that the government has intimated all airports and airline companies to gear up for starting their operations from the scheduled date and the Standard Operation procedures for passenger movement will be followed shortly. Commercial flights have been suspended since March 25th 2020 and only cargo flights and special flights were allowed to operate.

Concluding Remarks

Resumption of flights after 2 months of being grounded will offer some temporary relief to the airlines industry as it will not be completely non-operational but it does not mean it will be able to stimulate the needed passenger traffic given how the virus is showing no signs of abating. **We still believe passenger traffic will decline by 30% during FY21 as there will be certain inhibitions and apprehensions of travelling besides restrictions of the capacity that can be used on flights.** Passenger traffic has grown by 13.7% during FY19 and 0.7% during FY20.

- Metros which are the worst affected account for more than half of the passengers handled. During FY20 (April-February) Delhi, Mumbai, Bangalore, Chennai, Kolkata and Hyderabad airports accounted for 63% of the total passengers handled.
- Countries including India will not be issuing visas anytime soon fearing the rise of any exigency with the entry of foreign nationals.
- With the subsequent lockdowns in motion, COVID-19 has put a halt on major business operations which means there will be a considerable fall in income, discouraging the incurring of discretionary expenses like traveling for leisure and tourism.
 - o Airfares are also expected to increase as airplanes may accommodate only one passenger per row in order to maintain “social distancing” which will also lead to fall in the PLF (passenger load factor) and Revenue per Available Seat Mile (RASM).

Table 1: Trend in movement of Passenger traffic of scheduled airlines with the outbreak of COVID-19 (Unit: in lakhs)

	Dec-19	Jan-20	Feb-20	Mar-20*
Passenger Traffic	130	128	124	78
m-o-m % growth(+/-)		-1.8%	-3.2%	-37.2%

Source: DCGA

*flights were not operating for a total of 6 days during March 2020