

IS LOW COST AIRLINES BUSINESS POSSIBLE IN INDIA?



India is one of the top destinations of travelers from all over the world. This is because of the country's rich culture, amazing delicacies and creative tradition and culture. Over the past six to seven years, many low cost carriers attempted to flatter the Indian flyer with single digit fare rates. However, many people have heard from conferences and media briefings that there is no such thing as

low-cost fare when it comes to India.

As an explanation, the statement meant to communicate that India does not have the infrastructure to make low cost airline models possible. Therefore, low cost fares are not real. The low-cost part was actually still high in cost for the airline concerned. Until today, this serves everyone true.

One of the biggest complaint was that India does not even have just a single low cost airport. For example, if a traveler is to fly from Milan to London via Ryanair which is a low cost airline in Dublin, he won't be boarding the flight at Malpensa or Heathrow, instead, he will be at the low cost Milan's Bergamo airport to London Stansted which has basic facilities, internet access plus a prayer room. The two mentioned airports are operating in low costs. Their main marketing strategy is to look at all possible angles and how they can cut costs on each one. Thus, their tickets are cheap but the quality of flights and commodities are not jeopardized.

Just last week, the shortage of low cost airports were once again attributed to India, this time, it was by the operators of IndiGo and Spice Jet. These two companies have asked the government's affirmation regarding their decision to move away from Delhi's T3 to domestic terminal 1D. There reason behind this sudden change is because both companies could not afford the higher cost of operations in T3. Obviously, there was no reason to say no. Why should low cost carriers operate in higher cost operation terminals?

IndiGo has about 24 per cent market share and is the largest LCC in the Indian market as of the latest updates. Furthermore, SpiceJet has a market share of 18.5. IndiGo has an average of 8 flights per week going to various places in Asia like Singapore, Dubai, Bangkok and Kathmandu from Delhi. While Spicejet flies to Kathmandu from Delhi and is on its way to booking flights from Delhi to Dubai.

The least that the government could do is to make sure that these airlines are not being forced to operate in terminals which are too expensive. A PTI report stated that the estimate overhead charges to operations that low cost airlines like IndiGo and SpiceJet from terminals like T3 are roughly 300 per cent more than domestic operations. In addition to this, they have no choice but to park in 2 different places along side engineering facilities and ground handling staff. Synergy will also come into play if operations are made possible in just one location. The end outcome - passengers will be satisfied because of lower fare rates.

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