

India Preparing to Become World's Third Largest Aviation Market



A new report published today by CAPA - Centre for Aviation and air transport IT specialist SITA forecasts that India will become the world's third largest aviation market by 2020 and examines whether the country has the right investment, infrastructure and regulatory system to enable this growth. Technology and innovative practices will play a key role in meeting the challenge of growth but the report finds that IT is not always considered a tool of strategic importance.

The joint CAPA-SITA Report on Innovation and Technology: Opportunities for Transformation in Indian Aviation builds on a previous report produced in 2010. It provides an update on the IT landscape in India's air transport industry, and also highlights some of the challenges in deploying innovative technology across the industry. The report incorporates the perspectives of the key stakeholders in the industry and makes some predictions for the future.

Indian aviation has changed hugely since 2000 when just one carrier flew overseas - today there are seven; passenger traffic has increased from 42 million to 150 million; and the country's fleet has grown from 119 aircraft to 437. The low cost sector has grown massively and now represents 70 percent of the market. The CAPA-SITA report predicts that by 2020, 452 million passengers will fly each year and there will be 1,030 aircraft in the fleet. This will make India the world's third largest aviation market.

Indian aviation has seen financial turbulence in recent years, but investment is vital if the industry is to meet the challenges of growth. Total investment in the Indian air transport industry since 2000 is estimated at US\$27 billion and is expected to reach US\$120 billion by 2020, of which US\$80 billion will be spent on new aircraft. To meet the demands of air transport in 2020, up to US\$2 billion will need to be spent on air traffic control and more than US\$1.5 billion on upgrading security. According to the report, airline IT spend as a percentage of revenue ranges from one to three percent with 70 percent of those surveyed expecting their IT spend to increase. The key drivers for investment are operational efficiency; enhancing the customer experience; and cost reductions. Mobility is a key focus with 90 percent of respondents expecting to increase investment in this area.

Dr. Nasim Zaidi, Secretary Ministry of Civil Aviation, Government of India, said: "The huge growth in air traffic presents a number of challenges. To address these, investment in infrastructure and skills will be needed. Perhaps even more importantly, technological innovation will be required to bring efficiency and speed to the sector. The initiative by SITA and CAPA to prepare this report on the state of technology adoption and innovation in Indian aviation today, and the outlook for the future is appreciated and will be helpful for the Indian air transport Industry. "

Maneesh Jaikrishna, Country Director - India and Subcontinent SITA, said: "India is poised to emerge as the world's third largest aviation market by 2020. This level of growth is inevitably accompanied by significant challenges and innovation will play an important part in addressing these to support the growing demands of India's aviation. SITA has been a catalyst for innovation in the Indian air transport community for over 60 years. We have been instrumental in bringing new technology to India and today, we are involved in all aspects of air transport in the country. We are once again proud to be working with CAPA to produce this valuable report on the state of the industry. As the world's leading specialist in air transport communications and IT solutions, we look

forward to continuing to work with the Indian aviation community and the Government to drive innovation during this exciting period of transformation and change."

Since the 2010 report, deployment of technology has been slow due to financial constraints but there has been increased deployment of key IT solutions including websites for sales; implementation of Common Use Terminal Equipment (CUTE) in airports; Common Use Self Service (CUSS); baggage reconciliation systems; flight information display systems; and others. Over the next few years the report forecasts an increase in mobility solutions including mobile check-in; biometric identification systems; increasing use of the Cloud and social media applications amongst other developments.

Kapil Kaul, CEO CAPA India, said: "Technology today has the potential to become far more pervasive and to transform the operations of airlines, airports, service providers and border control. The aviation industry can leverage technology not only to deliver functionality and cost efficiencies, but to drive enhanced passenger experiences, new commercial revenue streams and improved security. In this report we set out to understand whether India's aviation industry is positioned to grasp these opportunities, and to present a roadmap for the future."

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