

Air traffic growth sluggish in August

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DOMESTIC AIR TRAVEL remained stagnant in August, with passenger traffic inching up by just 0.3% y-o-y to 13.17 million, according to Icra.

In light of the sluggish growth, Icra has revised its forecast for domestic air passenger growth in FY26 to 4-6%, down from its earlier estimate of 7-10%. The revised projection pegs the total number of domestic passengers at 172-176 million, after a 7.6% rise in FY25, which saw 165.4 million flyers.

International air traffic estimates for Indian carriers have also been scaled back. Icra now expects international passenger traffic to grow at 13-15% in FY26, compared to its previous projection of 15-20%.

The downward revision has been attributed to cross-border escalations that disrupted flight operations, as well as growing travel hesitancy following a recent aircraft accident. Icra noted that these factors, along with global trade headwinds, including the impact of US tar-

ON LOW FUEL



Domestic passenger traffic

13.17 million

Increase (y-o-y) **0.3%**

Domestic capacity deployment :

around **89,184** departures

Contraction (y-o-y) **5.8%**

iffs, are expected to dampen business sentiment and constrain travel demand in the coming quarters.

Consequently, Icra has projected the aviation sector's net losses to widen significantly to ₹9,500-10,500 crore in FY26, up from ₹5,500 crore in FY25. The loss expansion is primarily due to subdued passenger growth amid a period of increasing aircraft deliveries.