



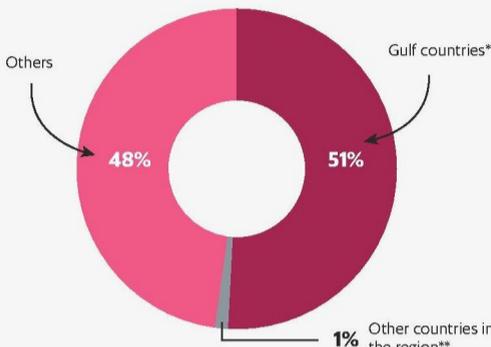
# US-IRAN WAR THROWS AIRLINES OFF COURSE

BY MANJUL PAUL

The conflict in West Asia intensifies pressure on India's largely loss-making airlines, as soaring fuel costs and disrupted Gulf routes threaten critical revenue.

## Over 50% of India's international passengers fly to and from the Gulf region

Break-up of India's international air passenger traffic in 2025 (in %)



\*Includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. \*\*Includes Azerbaijan, Jordan, and Turkey.

Source: Directorate General of Civil Aviation, Mint calculations

## Five out of top seven destinations for Indian airlines are in conflict-hit West Asia

Number of scheduled flights\* to and from top 10 international destinations, 14-28 Mar

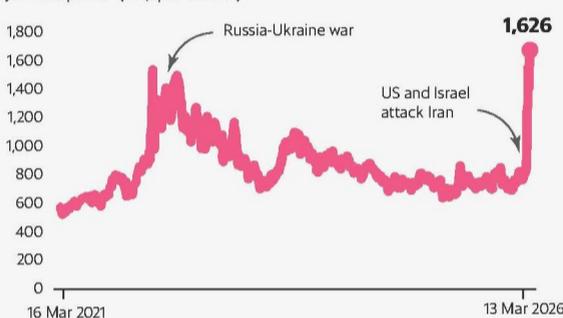


\*Data based on the scheduled operations in the DGCA's winter schedule, and may not reflect any recent schedule changes.

Source: Directorate General of Civil Aviation, Mint calculations

## West Asia conflict has sent jet fuel prices soaring, hitting the aviation industry

Jet fuel price\* (in \$ per tonne)

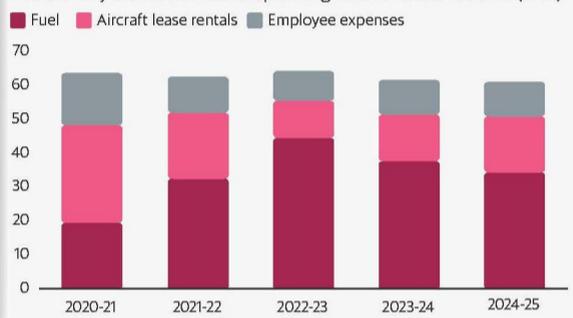


\*As per Jet Fuel NWE CIF Cargoes, a European benchmark that influences global supply flows and prices in other regions.

Source: Bloomberg

## Fuel price is airlines' biggest burden; its share in cost had risen during Russia-Ukraine war

Share of key elements in total operating cost for Indian airlines (in %)



Data shows aggregate of four airlines: Air India (consolidated), Akasa Air, IndiGo, and SpiceJet for FY25; five airlines for FY23, FY24, which includes Vistara; five airlines for FY21 and FY22, which includes Air India Express but excludes Akasa Air. Smaller operating expenses are not shown.

Source: Ica Ltd

## Indian airlines are largely in the red; their performance was worse during Ukraine war

Profit/loss by Indian domestic airlines (in ₹ crore)

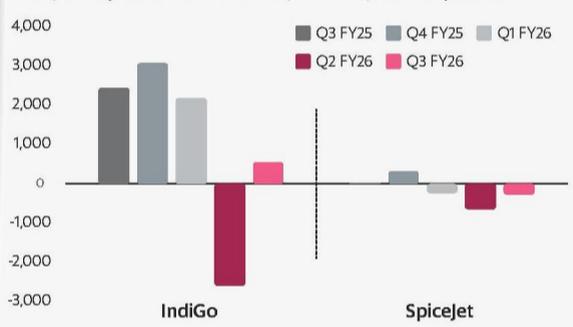


\*Includes profit/loss for Air Asia and Vistara for both years. \*\*Include Akasa Air and Air India Express. The Ukraine-war impacted year (FY23) and the latest year with full data (FY25) are shown. Based on the answer given in the Lok Sabha on 11 December 2025.

Source: Civil aviation ministry

## West Asia conflict has come at a time when Indian airlines' earnings have worsened

Profit/loss by listed Indian airlines (in ₹ crore), recent quarters



Source: Company reports

The domestic airline industry was already under strain from the India-Pakistan conflict, the Air India plane crash, and IndiGo's recent flight cancellation chaos. Now the war in West Asia threatens to add to the pressure, potentially cutting traffic from the region while pushing up input costs, particularly jet fuel.

The impact is beginning to show up in ticket prices. IndiGo, Air India, and Akasa Air have announced price hikes of ₹199-₹2,300, depending on the flight and route. With Pakistan airspace shut for Indian airlines, the disruption in flight routes through West Asia has increased travel time and cost.

The financial damage of such disruptions would mount quickly for Indian airlines. Kinjal Shah, senior vice president, corporate ratings at Ica Ltd, said operations to West Asia make up 15-20% of the Indian aviation industry's revenues. "These disruptions have resulted in not just revenue loss, but also higher costs, from additional airport charges as more aircraft remain on ground, to higher fuel costs due to longer routings," said Shah.

### WEST ASIA WOES

As the war started, Iran's attacks on nearly all its neighbouring countries brought flight operations to a halt. Flight routes to and through the United Arab Emirates (UAE), Iran, Israel, and Iraq, among others, remain critically disrupted. By some estimates, over 50,000 flights have been cancelled globally and over 2,000 by Indian airlines since the beginning of the war on 28 February.

The upcoming schedule of Indian airlines is also facing uncertainty, as Gulf countries account for a majority of international business. Data from the Directorate General of Civil Aviation (DGCA) shows that the core Gulf countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—accounted for 51% of the total international passenger traffic in 2025.

A Mint analysis of the winter schedule of 3,288 international flights during 14-28 March shows that Indian airlines' international business is facing extreme pressure. Five out of the top seven international routes include conflict-hit Dubai, Abu Dhabi, and Sharjah in the UAE, Doha in Qatar, and Jeddah in Saudi Arabia.

These alone account for 1,303 flights, or 40% of the total international flights, operated by Indian airlines. An airline-wise analysis shows smaller airlines are more exposed to these destinations. Air India Express, Akasa Air, and SpiceJet were scheduled to operate nearly 90% of their international flights to and from West Asia, while the share for Air India and IndiGo was 22-51%.

### FUEL FURY

Since the outbreak of the war, jet fuel prices have surged dramatically, adding to airlines' cost pressures. Jet Fuel NWE CIF Cargoes—a European benchmark for fuel prices—nearly doubled from \$800 per tonne on 27 February to \$1,600 per tonne on 13 March.

While Indian airline fuel prices are more closely linked to Asian jet fuel prices, the momentum signals the extreme pressures that are being felt across the globe.

## AT A GLANCE

- The conflict in West Asia and airspace closures are severely impacting Indian airlines through lost business and significantly higher operational costs and flight durations.
- Escalating expenses have forced major carriers such as IndiGo and Air India to implement price hikes, directly impacting consumers as travel routes become complex.
- With Gulf routes accounting for over 50% of international traffic, the disruption threatens a substantial revenue stream for Indian airlines.
- Already struggling with cumulative losses, Indian airlines face a bleak recovery outlook as high fuel prices, increasing tax burden and geopolitical instability further erode margins.

An Ica analysis on the major operating costs of Indian airlines shows that fuel largely accounts for around 30-40% of total operating costs. The surge in fuel prices during the Russia-Ukraine war increased the share to nearly 45%.

The costs also further increase due to state taxes in the form of value-added tax (VAT), which is applied ad valorem.

"High state taxes on aviation turbine fuel (ATF) further amplify the burden on carriers during periods of rising crude prices," said Jagannarayan Padmanabhan, senior director at Crisil Intelligence.

### EXTENDING LOSSES?

Indian airlines, barring the market leader IndiGo, are primarily loss-making companies. Data shared in Parliament on 11 December for the top five public and private airlines shows that the main Indian airlines (Air India, Air India Express, Akasa Air, IndiGo, and SpiceJet) reported a cumulative loss of ₹4,600 crore in 2024-25.

This was worse in 2022-23 (during the Russia-Ukraine war) when airlines bled nearly ₹20,000 crore, largely due to high ATF prices and a depreciating rupee.

The current year has been full of disruptions as reflected in the quarterly earnings of listed airlines IndiGo reported a ₹2,582 crore loss in the September quarter and barely ₹549 crore profit in the December quarter compared to about ₹2,200-3,100 crore profit in the previous three quarters. SpiceJet has been in the loss for the past three quarters.

The current conflict has largely dashed hopes of any recovery that airlines would have planned in the March quarter, which is generally considered an economically strong quarter for companies in India. The chances of airlines bleeding more due to the West Asian crisis are high.