

Indian airlines face headwinds, ICRA revises outlook to negative

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Indian airlines continue to face a double whammy of revenue loss arising from flight cancellations and increased expenses due to airspace closures and extended flight durations.

India carriers are not operating to Bahrain, Doha and Kuwait while offering limited services to Oman, Saudi Arabia and UAE. Geopolitical tensions have resulted in further weakening of the rupee, and domestic jet fuel prices are also expected to witness a sharp price revision from April 1.

IndiGo has said it may have to recalibrate its capacity based as the operating environment remains fluid. The airline said there is a material escalation in operating costs and fuel and forex-related costs expected to in-



WAR IMPACT. West Asia is an important market for Indian carriers and cancellations will impact revenue, says an expert

crease substantially. “While we have introduced a fuel surcharge to compensate for some of this cost, this and other fare increases required will have an effect on demand,” IndiGo said.

“West Asia is an important market for Indian carriers and cancellations will impact revenue. This would have been a busy season for travel given Eid holidays in West Asia and school and college vacations in India,” an aviation expert said.

Rating agency ICRA on Friday revised its outlook on the Indian aviation industry to negative from stable, cit-

ing cost pressures and downside risks to demand.

ICRA expects domestic air passenger traffic growth for FY26 at 0-3 per cent and international passenger traffic growth for Indian carriers at 7-9 per cent indicating a relatively weak near-term demand environment.

ICRA's earlier growth forecast for FY27, formulated prior to the West Asian conflict, estimated domestic air passenger traffic growth at 6-8 per cent and international growth at 8-10 per cent. However, these projections now carry a downward bias, the rating agency said.