

How Indigo tweaked operations to deliver consistently for 17 years and remain profitable

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On Monday, the Directorate General of Civil Aviation (DGCA) released the domestic air traffic data for July 2023. The data showed that for the concerned month, budget carrier IndiGo carried 76.75 lakh passengers, accounting for a market share of a staggering 63.4 per cent. This trend is not new, however. In the first quarter of 2023,

IndiGo carried 2.09 crore passengers, accounting for 55.7 per cent of the market share. The April-June quarter saw the low-cost carrier ferry 2.34 crore passengers for a market share of 60.7 per cent.

In the DGCA's data accounting for 11 airlines including the struggling and grounded Go First, the airline closest to IndiGo in terms of market share in July was Air India, which carried 11.98 lakh passengers, accounting for 9.9 per cent of the market share. The trend was similar in both the quarters as well, showcasing the massive margin by which IndiGo surpasses its peers while driving the aviation industry in India.

Apart from IndiGo, DGCA included data from Government of India's SPV AI Assets Holding Ltd-run Alliance Air that primarily serves as a medium for domestic regional connectivity, low-cost carrier Air Asia, full-service, former national carrier Air India, newly launched Akasa Air, currently inoperative Go First, IndiGo's budget category rival SpiceJet, full-service carrier Vistara, and the lesser known Fly Big, Indiaone Air, and Star Air.



Image: Twitter/IndiGo

The important role that IndiGo has played in giving middle-class Indians the ability to fly is undisputed. In fact, this has also led to other carriers having to bring down their own costs and manage

operations to cut down on delays. The DGCA data showed that at the four metro airports-Delhi, Bengaluru, Mumbai, and Hyderabad, IndiGo had the best on-time performance in July at 86.8 per cent, followed by Vistara at 83.6 per cent.

Giving India wings

IndiGo, which started 17 years ago in 2006, followed SpiceJet's footsteps as a budget airline. However, it quickly made its mark due to its punctuality, which at that point was only associated with high-end, elite carriers. The on-time departures, low number of cancellations and much more affordable prices allowed the Indian middle class to travel by air, breaking the then-existent stereotype of flying being a mode of transportation for just the rich.

In order to cut the costs, though, the budget carrier did away with complimentary in-flight meals as well as free seat selections well in advance. However, over the years, it has become evident that the middle class passengers do not mind bypassing the luxury in favour of economy, and this model of paid seat selection has even spilled over to full-service carriers like Vistara.

International access

In another report of DGCA, between January 1 and June 30 this year, IndiGo operated nearly 2.93 lakh flights domestically and 30,496 international flights. The airline that stood at a distant second in these statistics was Air India, having operated 49,854 domestic flights and 21,114 international flights, followed by Vistara with 42,840 domestic and 6,003 international departures.



Image: Twitter/Nilakshi Saha Sinha

Having gone international in 2011, IndiGo is expanding its international footprint rapidly, currently having 30 international destinations in the 6E network. Not only that, but the airline has also entered a codeshare agreement with Turkish Airlines, one of its seven codeshare partners, to also tap into the latter's European market of more than 30 destinations, giving India's core passenger base the ability to travel internationally on a budget. Internationally, IndiGo has a network that spans Europe, Middle East, Africa, Central Asia, Far East and South-East Asia. This reflects in the fact that the budget carrier operated the most number of international flights in the first half of the year in India.

It is no wonder, then, that IndiGo has the largest fleet in the country with more than 300 aircraft, becoming the first Indian airline to reach this figure in 2022. Announcing the Q1 FY24 results and setting the tone for the rest of the year, Pieter Elbers, CEO, IndiGo, said, "During this quarter, we placed a new order for 500 aircraft that takes our outstanding order book to around 1,000 aircraft and further strengthens our position for future growth."

Soaring Q1 results

In the recently announced Q1 results, the airline recorded an EBITDAR of Rs 5,210.9 crore, noting an increase of 626.8 per cent over the same quarter last year, when the EBITDAR stood at Rs 716.9 crore. Meanwhile, the company also recorded a Profit After Tax (PAT) of Rs 3,090.6 crore in Q1FY24, as compared to a negative PAT of 1,064.3 crore last year, clocking an increase of 390.4 per cent. This was IndiGo's highest-ever quarterly revenue and net profit. The total income for the quarter ended June 2023 was Rs 17,160.9 crore, an increase of 31.8 per cent over the same period last year.