

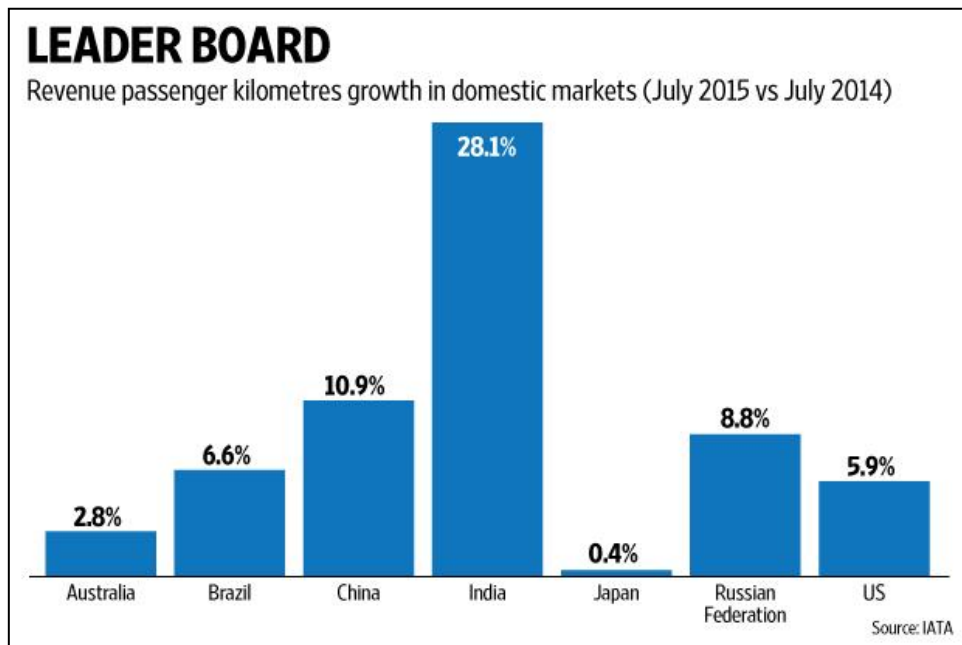
India Fastest Growing Air Travel Market Globally: IATA

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<http://www.livemint.com/Companies/NjHGKS5smpmDUsh6m6xrUK/Indias-domestic-aviation-market-fastest-growing-in-the-world.html>

India has the fastest growing domestic aviation market in the world, ahead of China and the US. The country's domestic air passenger demand soared 28.1% in July compared with a year ago, likely owing to more flights, fare cuts and faster economic growth.

It was nearly three times China's domestic traffic growth of 10.9% year-on-year, according to International Air Transport Association (IATA), a lobby group that represents nearly 260 airlines, comprising 83% of global air traffic.



The total domestic travel demand for the global market rose 7.6% in July compared with a year ago, IATA's data showed on Friday. While China claimed the second position, the third spot was secured by the Russian Federation (8.8%), followed by Brazil (6.6%). The US logged a 5.9% growth.

"All the markets showed growth, with the strongest increases occurring in India and China," IATA said.

India is projected to become the world's fastest-growing major economy by 2016-17—the third year of the Narendra Modi government—with a growth rate of 6.5%, topping China's 6.3%, the International Monetary Fund (IMF) said in its latest World Economic Outlook Update earlier this year.

Consultancy firm Capa India forecasts that Indian domestic traffic will grow at 15% for the current fiscal year.

But there are some troubles ahead for China. Recent developments in the Chinese economy, including deep declines in the country's stock exchange, have increased concerns about a further slowdown, IATA said.

“Following a strong summer, the outlook heading into autumn is unsettled to say the least. While passenger demand remains healthy, air cargo growth turned negative in July,” said Tony Tyler, IATA’s director general and chief executive officer. “The downward movement in stock markets around the globe reflects investors’ growing concerns about slowing trade and economic growth in emerging economies, as well as China’s continued shift towards domestic markets.”

According to the data, Indian domestic air traffic demand notched up 28.1% in RPK, 10.4% in ASK and 80.7% in seat occupancy for July 2015 compared with July 2004. RPK refers to revenue passenger kilometres and measures actual passenger traffic while ASK is available seat kilometres and measures available passenger capacity. Seat occupancy is a percentage of ASKs used.

Indian domestic air traffic demand grew 20.5% in the year to July compared with the year- ago period. China grew by only 12.1% in the year to July compared with the corresponding period the previous year.

Plane manufacturers are upbeat on India. For instance, US-headquartered Boeing Co. expects a demand for 1,740 planes in India over the next 20 years, anticipating that more people will travel by air over time. The price tag for these planes is estimated at \$240 billion.

“We are expecting 75 million passengers to fly this financial year,” Dinesh Keskar, senior vice-president, Asia Pacific and India sales, Boeing Commercial Airplanes, said last month.

Incidentally, two listed airlines, Jet Airways (India) Ltd, the country’s second-largest airline by passengers carried, and India’s second-largest low-fare airline SpiceJet Ltd, reported a net profit for the fiscal first quarter as they benefited from lower fuel prices and better demand.

Jet fuel price was on Tuesday slashed by a steep 11.7%, marking one of the steepest reductions, the biggest being a cut of 12.5% on 1 January.

To encash the momentum in passenger demand, IndiGo, India’s largest domestic airline by passengers carried, confirmed an order to buy as many as 250 Airbus A320neo single-aisle jetliners last month. At the listed price, the order is worth \$26.5 billion.

IndiGo has confirmed that robust passenger demand was one of factors that led to the confirmation. In 2005, IndiGo placed an order for 100 A320s, all of which have been delivered.