

What Airline Is Benefiting The Most From Jet Airways' Collapse?

by **Joanna Bailey** · May 31, 2019 · ⌚ 4 minute read

The Indian aviation market is rapidly adapting to fill in the gap left by the departure of Jet Airways. Right now, it looks like a three horse race, with Vistara, IndiGo and SpiceJet all benefitting from the slots, aircraft and employees who used to be part of Jet. We take a look at who's benefiting most from the collapse of Jet Airways.



Who's winning most from the collapse of Jet? Photo: Nicky Boogaard via Flickr

The collapse of Jet Airways has left a large hole in capacity on both domestic and international flights. According to [Air Insight](#), Jet Airways operated 580 flights a day to 37 domestic and 20 international destinations over the financial year 2017 – 2018.



Their grounding has reduced the fleet size of Indian aviation from 638 at the start of the year to 569 at the start of May.

How is this loss in capacity affecting the aviation market in India? Let's take a look.

IndiGo

India's largest airline, IndiGo, operated some 1,300 daily flights over the last financial year, up from 950 the year before. These include to 53 domestic and 17 international routes, with 14 new routes being announced in mid-March this year. Their market share in India is 43.4%, and they have some pretty aggressive expansion plans too.



IndiGo are adding pilots and slots from Jet. Photo: Airbus

During April, the carrier added 44 new domestic flights, with 18 on the Mumbai to Delhi route. In order to capitalize even better on Jet's demise, IndiGo moved to Terminal 2 from Terminal 1 at Mumbai, which used to be the hub for Jet. They are reported to



have added 285 ex-Jet pilots to their roster, all of whom will need to be retrained to fly the A320.

IndiGo were granted 120 of Jet's airport slots, 10 less than SpiceJet but still a large proportion of what was available. The airline [reported record profits](#) in the first quarter of the year, pegged at Rs 589.6 crore (\$85m) compared to Rs 117.6 crore (\$17m) in the same period last year. Predictions are that IndiGo's market share could pass the 50% mark by the end of this quarter, according to reports in [The Week](#).

SpiceJet

SpiceJet are another big player in the Indian aviation market, operating around 380 services a day. The low cost carrier has been one of the most aggressive at moving into Jet Airways' gap, adding around 124 new flights to its schedule since the start of the year. 23 of these were added between Mumbai and Delhi in response to Jet Airways' grounding.





SpiceJet got more Jet Airways slots than any other airline. Photo: Boeing

Out of all the Indian carriers, SpiceJet acquired the most airport slots from Jet Airways. The Directorate General of Civil Aviation (DGCA) allotted 130 of the slots to SpiceJet. They also gained more than 30 of Jet's old planes, all of which were inducted in record time, starting operations less than two weeks after they were acquired.

SpiceJet too have posted better than average profits in the last quarter, with figures jumping 22% to Rs 56.3 crore (\$8m). However, despite a great first quarter, the airline has [posted an overall loss](#) for the financial year 2018/19 of Rs 316 crore (\$45m). The true power of SpiceJet remains to be seen, as the carrier is still struggling with many [grounded 737 MAX aircraft](#).

Vistara

In contrast to the other two big players, Vistara position themselves as a premium carrier, marketed squarely at the business end of the spectrum. Corporate travelers who used to fly Jet would naturally migrate to Vistara. Previously Vistara struggled to grow out of the key hubs of Delhi and Mumbai, as all the slots



were allocated. However, they have now been given no less than 110 of Jet's ex-slots, giving them a golden opportunity to [show what they can do](#).



Vistara could become the go-to airline for corporate travel. Photo: Vistara

Vistara have also acquired 10 of Jet Airways' old 737 aircraft but are inducting them somewhat slower than SpiceJet managed to. They are also reported to have hired around 500 employees from Jet Airways' workforce to operate and maintain these new planes. They are also [eyeing Jet's ex-777 fleet](#), and are poised to start adding international capacity if they secure these aircraft.



Should their strategy of adding capacity with the new 737s from Mumbai and Delhi play out, it could see Vistara as the top choice for the business traveler in the future too. Their slot allocation will allow them to fly up to 14 times each way daily, which would give the corporate traveler not only a good experience in the air, but also a choice of departure times.

Who's losing out?

Airlines are clearly reaping the benefits of the demise of one of India's largest carriers. But not everyone has a reason to celebrate. Since Jet stopped flying, passengers have seen prices rise by as much as 100% on some routes, and although they have started to calm down, they are yet to approach anything near the previous levels.

However, the artificially low fares were caused by something of a fare war, in an aviation marketplace swamped with supply. The sector grew by 23.18% in 2016, the highest the industry has ever seen, followed by 17.3% in 2017 and 18.6% in 2018, according to [Business Today](#). In contrast, the April growth numbers were just 2.53%, the lowest in five years.

Artificially stimulating an industry with unsustainable fares is [never going to play out well](#). Jet's demise has led to a drop in excess capacity, and as such fares have increased. Increased fares mean less flights being taken, leading to the slow growth seen in the past month.

The good news is that, [eventually](#), fares will stabilize at a manageable level; somewhere in between what passengers consider affordable and where airlines can make a profit. Then, and only then, will other Indian airlines be safe from going the same way as Jet. The risk, however, is that big players like IndiGo and SpiceJet lay on so much additional capacity that the price war begins again. Let's hope that's not the case.



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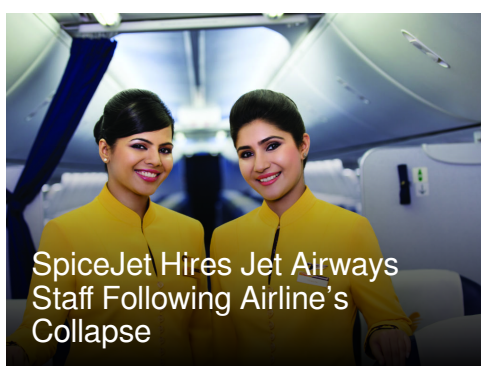
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