TRANSPORTATION

Incoming Air India and IndiGo CEOs face need for reset amid struggles

New leaders need to deal with high costs, sagging reputations and regulatory lapses

An Air India jet takes off as an IndiGo Airlines aircraft waits for clearance at Sardar Vallabhbhai Patel International Airport in Ahmedabad, India, in July 2017. © Reuters

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BENGALURU -- After a period of turbulence at India's biggest airlines, IndiGo and Air India, culminated in their CEOs abruptly quitting in quick succession, analysts say their replacements need to oversee resets as concerns grow over financial strains and lax regulatory compliance.

Willie Walsh, director general of the International Air Transport Association (IATA), is set to become chief executive of IndiGo, while outgoing Air India CEO Campbell Wilson will stay on until his successor is found.

But despite India being one of the world's fastest-growing aviation markets, with the government looking to more than double the country's number of airports by 2047, the top job at domestic airlines is far from alluring, experts say. The industry is grappling with myriad obstacles, ranging from high operating costs and delays in aircraft deliveries to low household income among customers, which makes raising airfares difficult.

"The job is tough no matter when you start, and India is especially volatile because it's such a young market," said Addison Schonland, founder of aviation consultancy AirInsight. "The new CEOs have to keep teams focused on safety and efficiency. ... The top priority is probably to get everyone to focus on their tasks and not get derailed by the industry's constant exogenous shocks."

IndiGo, under Pieter Elbers, and Tata Group's Air India, under Wilson, embarked on ambitious expansion plans. Both companies ordered hundreds of new jets to ramp up domestic operations and fly long-distance international routes, the latter being new territory for IndiGo. Elbers also introduced business class seats at Indigo, while Wilson oversaw mergers with AirAsia India and Vistara.

But their tenures were also marked by several warnings from India's aviation regulator over safety and compliance lapses, ranging from aircraft flying without permits for Air India to inadequate training for pilots at IndiGo.

Both airlines faced their darkest hours last year. In one of the worst air crashes in aviation history, an Air India flight to London crashed immediately after takeoff in western India in June, killing 260 people. And in December, tens of thousands of passengers found themselves stranded at airports across the country for days after IndiGo canceled at least 4,500 flights due to its failure to adequately prepare for new rest rules.

These incidents caused tremendous reputational damage to the airlines, with India's civil aviation minister, Kinjarapu Rammohan Naidu, even calling for more carriers to be set up. Analysts said those incidents could have sealed Elbers' and Campbell's fates, although neither company linked their departures to last year's events.

"Just when things get serious, and you really need to fix the house, they leave," said Mark Martin, CEO of aviation focused Martin Consulting. "That doesn't usually happen unless people in power, who've watched the development closely, decide to go for an overhaul."

For the next CEOs, the biggest challenge is arguably shoring up the financial health of their companies.

While Indian carriers earn a large part of their revenues in rupees -- about three-quarters of their passengers fly domestically -- many of their biggest costs, particularly aircraft leases and maintenance, are levied in dollars, leaving revenues vulnerable to currency fluctuations. It does not help that the rupee was Asia's worst-performing currency last year, with any improvement unlikely this year.

High fuel costs due to steep taxes add to their plight -- and the Middle East crisis is set to make matters worse -- with IATA estimating in an August 2025 report that fuel constitutes between 40% and 50% of a carrier's expenses in India, which is "well above the global average."

Air India represents an even bigger challenge than IndiGo because of its mounting losses, which totaled 108.64 billion rupees ($1.17 billion at current exchange rates) in the fiscal year ending March 2025. According to ratings agency ICRA, that was 49% higher than the year before, while revenues rose about 16% to 767.54 billion rupees.

Air India's financial woes have reportedly worried the top echelons of Tata Group, with Tata Trusts Chairman Noel Tata expressing concern over the losses at some of the group's new businesses, such as aviation and online retailing. According to analysts, an inability to contain losses could have sped Wilson's departure; his term was supposed to end in 2027.

India has historically been a graveyard for full-service carriers, with Jet Airways, Kingfisher Airlines and Air Sahara all going under or being absorbed by competitors. Such carriers typically command higher ticket prices than low-cost peers, hurting their chances in a value-conscious market like India. Air India, which the Tata Group bought from the Indian government in 2022 for $2.4 billion, faces a bigger challenge in that respect, given IndiGo's hybrid model of both low fares and premium seats.

That apart, IndiGo also operates more aircraft, with IATA estimating in last year's report that it accounted for more than half the available seats in India in 2024, as against the Air India group's share of nearly 28%.

"I would say IndiGo had a brain fog moment that led to the fiasco," said Jitender Bhargava, former executive director at Air India. "But Air India has a more structural challenge. It is hamstrung by its model. ... It's biggest challenge is that its fares are benchmarked against a low-cost airline on domestic routes."

Despite the challenges, IndiGo and Air India enjoy an unusual safety net: India's aviation market is basically a duopoly. IndiGo held 63% of the domestic market, the Air India group 27%. This is likely to remain so for some time. Others, like Akasa Air and Spice Jet remain fringe players. Akasa Air is battling delays in aircraft deliveries, while SpiceJet faces a funding crunch. Although the Indian government approved three new airlines last year, they are not yet flying.

"Because of the duopolistic nature of the market, there is no pressure to seek goodwill of the passengers," said Harsh Vardhan, chairman of Starair Consulting. "The airlines have to come out of that thinking."