

INDIAN AIRPORT INFRASTRUCTURE

Commencement of operations at
Navi Mumbai and Noida airports will
propel airport passenger traffic to
440-450 million in FY2026

MARCH 2025





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Overall passenger traffic is expected to grow by 7-9% in FY2026, driven by higher growth in international travel, sustained increase in domestic business and leisure travel, addition of new routes/ destinations connecting hinterland and remote locations and start of operations of new greenfield airports.



- The overall passenger traffic[@] is expected to witness growth of 7-9% in FY2026 to reach 440-450 million, supported by healthy growth in international travel amid improving connectivity to newer destinations, continued uptick in leisure and business travel in the domestic segment, along with improvement in air connectivity to tier II cities/ key tourist destinations and start of operations of new greenfield airports.



- Revenues for ICRA's sample set* are likely to grow by 12-14% in FY2025 and 18-20% in FY2026, supported by the sustained improvement in both domestic and international passenger traffic, substantial increase in aeronautical revenues supported by the implementation of the fourth Control Period (CP4) tariff order at Delhi International Airport, and ramp-up of non-aeronautical revenues. The operating margins are likely to improve to ~51% in FY2026e from ~50% in FY2025e, driven by operating leverage benefits.



- With the stabilisation of supply side constraints and addition of new aircrafts through short-term leases, aircraft traffic[#] is estimated to grow by 8% in FY2025 compared to 7% in FY2024 and reach 112% of pre-Covid level traffic. Further, with the start of supply of new aircraft orders of Indigo and Air India, and healthy passenger traffic demand, aircraft traffic is likely to grow by 6-8% in FY2026.



- Air cargo volumes are estimated to increase by 9% in FY2025, supported by higher international cargo volume growth of 12% amid the positive impact of the Red Sea crisis and domestic cargo volume growth of 5%. The overall air cargo volume growth is likely to moderate to 6-8% in FY2026, with the expectation of international cargo volumes outgrowing the domestic cargo volumes. However, speedy resolution of red sea crisis could have a bearing on international cargo volumes growth rate in FY2026e.



- Capex investments in airport infrastructure are likely to remain high with more than Rs. 1,00,000 crore of expected capex over the next 4-5 years, including new greenfield airports, brownfield expansions and expansion of airports under the Airports Authority of India (AAI).

[@] Passenger traffic at airports including domestic, international and transit passengers; ^{*} ICRA's sample set includes Delhi International Airport, Bangalore International Airport, GMR Hyderabad International Airport, Cochin International Airport and Airports Authority of India;
[#] Aircraft traffic refers to the movement of aircraft across airports in the country

1 Industry Outlook



2 Passenger and Aircraft Traffic



3 Air Cargo Traffic



4 Capacity Addition at Airports



5 UDAN – Regional Connectivity Scheme



6 ICRA Ratings in the Sector





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