

# INDIAN AIRPORT INFRASTRUCTURE

Passenger traffic likely to grow by 5-7% in FY2026 to reach 430-440 million

SEPTEMBER 2025





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*Overall passenger traffic is expected to grow by 5-7% in FY2026 to reach 430-440 million, against earlier estimates of 440-450 million. The revised growth though downwards will be supported by strong growth in international travel amid improving connectivity to newer destinations, continued uptick in leisure and business travel in the domestic segment and start of operations of new greenfield airports in H2 FY2026.*



- The overall passenger traffic growth is estimated to moderate to 5-7% in FY2026 to reach 430-440 million, against ICRA's earlier estimate of 7-9%, as cross-border tensions and lower availability of aircrafts post the tragic aircraft crash in Ahmedabad impacted the passenger traffic growth (+3% YoY) during 5M FY2026. International passenger traffic growth is expected to outpace domestic passenger traffic, amid improving connectivity to newer destinations.



- Revenues for ICRA's sample set\* are likely to grow by 7-8% in FY2026, supported by improvement in both domestic and international passenger traffic, increase in aeronautical revenues amid implementation of the fourth Control Period (CP4) tariff order at Delhi International Airport, and ramp-up of non-aeronautical revenues. The revenue growth in FY2026, adjusted for one-time income in FY2025, is higher at 15-16%. The operating margins are likely to remain healthy at around 51-52% during FY2026-FY2027.



- Aircraft traffic growth is likely to moderate to 3%-5% in FY2026, on the back of modest 1% growth in domestic aircraft traffic during 5M FY2026. Following the fatal aircraft crash in June 2025, mandatory fleet inspections were initiated, resulting in decreased aircraft availability. Nevertheless, international aircraft traffic has increased by 6.3% during 5MFY2026 and is likely to witness healthy growth of 6%-8% in FY2026.



- Overall air cargo volume growth is likely to moderate to 4-6% in FY2026 compared to 10% in FY2025, on the back of expectation of lower growth in international cargo volumes amid the US trade war and high base effect of the Red Sea crisis. However, domestic cargo volumes are likely to grow by 5-7% in FY2026 supported by higher economic and e-commerce activity and GST rate cuts in September 2025.



- 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).

# Agenda

## 1 Industry Outlook



## 2 Passenger & 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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